

## Americans Were at Malta Raid

### 2 U.S. Officers New in Egyptian Troops' Plane

By Loren Jenkins  
Washington Post Service  
VALETTA, Malta — At least two senior U.S. military officers traveled here with an Egyptian commando unit that stormed a hijacked passenger jet in an attack

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■ The Maltese are investigating a report of another accomplice, the EgyptAir jet's pilot says.

■ Pressure grows on Egypt to retaliate against Libya.

Nov. 24 with heavy loss of life, according to an authoritative source close to the operation.

The U.S. officers, who reportedly belonged to the U.S. military mission in Cairo and who included a general, arrived with the Egyptian commandos and were present at the commandos' operational headquarters at Malta's Luqa International Airport during the assault on the EgyptAir Boeing 737, according to this official and to diplomatic sources. A total of 60 persons died during the hijacking, 57 of them in the assault.

The United States has sought to keep secret the presence of the officers in Malta, for reasons that are not clear. In Washington, a State Department spokesman, Charles E. Redman, declined comment. The authoritative source in Malta said, without elaborating, that the officers had provided "technical assistance" to the Egyptian operation.

In Washington, sources confirmed Saturday that a general and colonel traveled with the commandos but contended that they provided no technical assistance and did not participate in the assault. There were suggestions of Pentagon unhappiness that army officers with no specialized knowledge of such operations went along on the commando raid.

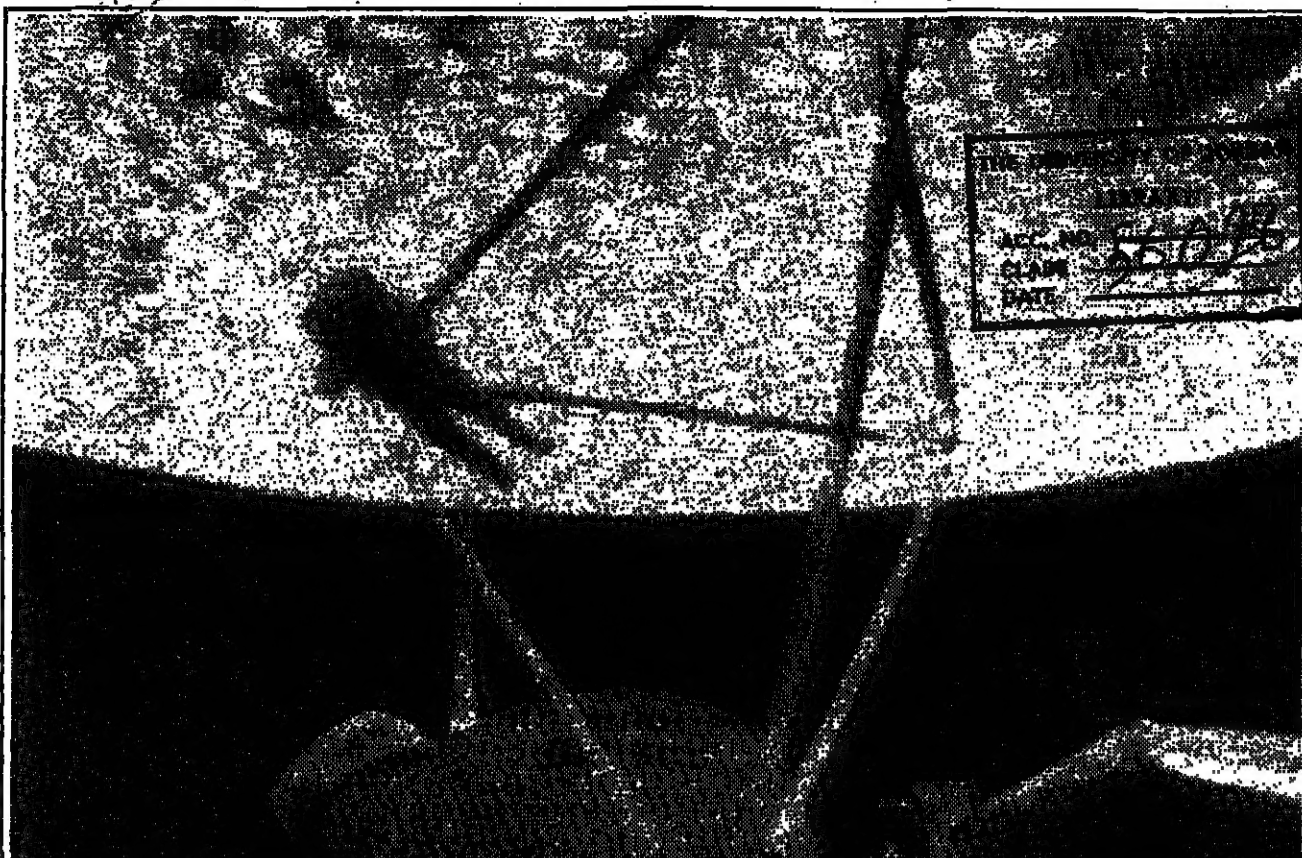
[The U.S. Embassy in Cairo declined comment Sunday on the report that Americans accompanied the commandos. The Associated Press said, Colonel Hussein Mamish, an Egyptian Defense Ministry spokesman, said, "Our information is that there was nothing of the sort."

[In Valletta, the Maltese government spokesman, Paul Mifsud, said, "I cannot answer questions about any of these things because I really do not know anything about them."

The arrival of U.S. officers in full battle dress, an unanticipated development for Maltese officials, led to an angry dispute between U.S. and Maltese officials at the airport and may have contributed to Malta's failure to allow another U.S. military team to arrive in time to aid the Egyptians.

From evidence emerging in Malta and Washington, it appears that the U.S. role involved direct assistance — both in equipment and personnel — to the Egyptian commandos. An aircraft carrier, the Coral Sea, was ready to provide air cover for the Egyptians if needed

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## A Construction Project Out of This World

Floating in space with Earth in the background, Major Jerry L. Ross assembled beams into pyramid shapes to practice techniques that could be used to construct a space station in the

early 1990s. Major Ross and Lieutenant Colonel Sherwood C. Spring worked outside the shuttle Atlantis on Friday and Sunday to study the manipulation of unwieldy objects in space. Page 3.

## No Major Change Expected at EC Summit

By Steven J. Dryden  
International Herald Tribune

LUXEMBOURG — European Community leaders, who open a two-day summit meeting Monday, are expected to approve only minimal reforms of the community's founding treaty, EC officials said.

The 10 member states remained divided Sunday over whether to revise the Treaty of Rome, the community's 1957 founding document, and what kind of changes should be made.

A special inter-governmental conference on reform, called by the leaders of the community states in June, has produced a limited package of measures for consideration at the summit meeting.

The main areas of reform under consideration include:

■ The greater use of majority voting instead of the current requirement for unanimity, especially regarding the removal of obstacles to trade between member states.

■ Increased powers for the European Parliament and the EC Commission.

■ Closer coordination of monetary policy.

■ Strengthening the technological base of European industry.

Among the proposals that have gained the most support is one for a separate treaty that would formally adopt the current ad hoc arrangement for coordinating the member states' foreign policy.

Jacques Delors, president of the EC Commission, said last week that the proposed changes are "not enough to even ensure the survival of Europe as a continent that matters in this world."

Mr. Delors and other commission officials have emphasized that unless the community makes substantial reforms, it will continue to trail the United States and Japan as an economic and political power.

In an indication of the concern felt by community businesses about the summit meeting, the

heads of 27 leading European companies wrote to the EC leaders over the weekend urging them to make a clear commitment to remove all internal barriers to trade by 1992.

The industrialists, including the chairman of Fiat, Thom-EMI PLC, Siemens AG and Thomson SA, said that the summit meeting must produce "concrete results" rather than vague declarations.

A possibility of agreement on even a limited number of measures at the summit meeting, however, remained uncertain. Advocates of

greater reform such as Italy have said that they prefer not to approve only a modest package.

Denmark's minority government appears unable to support any of the proposals for change.

The summit meeting will be the last opportunity before the entry of Spain and Portugal into the community next month for the EC leaders to take action on the question of decision-making.

As the community has grown in size from the original six members, many officials have observed that

requirement for unanimity on most questions has impaired the community's ability to make changes.

These officials believe that the enlargement will only make decision-making more difficult.

EC foreign ministers, who have represented their governments at the reform conference this fall, met Saturday and Sunday in a final effort to make progress on some proposals before the beginning of the summit meeting.

Besides the treaty on foreign policy, the summit will also consider

(Continued on Page 5, Col. 1)

## At 28, EC Is Still Far From a Common Market

By Joseph Fitchett  
International Herald Tribune

BRUSSELS — The standard electric plug for a television set in France has two capped prongs and a hole for the grounding rod. In West Germany, the plug has two uncapped, slightly larger prongs without a hole for the ground. In Italy it has two prongs, either flat or round, depending on the wiring of the user's home. In England the plug is triangular, with three beveled prongs, and it carries a built-in fuse.

None of this is a supply problem for Thomson, the French electronics giant that exports more than a million television sets a year throughout the Common Market. Its solution is to ship the sets without plugs so that national distributors can outfit them for local sockets.

Other problems are not as easily solved. In appliance stores in any given West European country, television sets for sale generally include a half-dozen models made by Thomson. But the company has to manufacture more than 50 models to export even this selection through the maze of safety regulations and incompati-

ble technical norms in the Common Market, according to Ronald Huck, Thomson's television product manager.

"Changing even the wording on a warranty card accompanying the set in a particular country complicates packing, labeling, warehousing and shipping," Mr. Huck said in his office in Paris.

All this costs money. Inventories have to be larger and more expensive at a time when companies in Japan are saving money by their emphasis on low-inventory manufacturing practices. Philips, the Dutch-based multinational that is Europe's biggest manufacturer of consumer electronics, estimates it would have earned an extra \$175 million last year — 50 percent more profit — if it had been able to operate in a unified Common Market.

The villain, according to numerous businessmen and political leaders interviewed in recent weeks, is the Uncommon Market, the persistent national differences that prevent the 28-year-old European Community from functioning as smoothly from country to country as the U.S. market functions from state to state.

The lack of a Europe-wide market is regarded as an underlying cause of economic woes ranging from Europe's lag in technology to a reluctance among industrialists to form European multinational companies. A result has been a failure to consolidate the European Community in the eyes of its citizens.

Dr. Wisse Dekker, Philips' chairman, has warned publicly that the European Community

will break up unless it quickly forms a single domestic market.

"Trade transactions between the countries of the European Community must be as simple and deregulated as national trade within a domestic market," he said.

European businessmen, who long paid tribute to a common market while quietly enjoying the benefits of protected markets in their own countries, now are lobbying for a unified Europe-wide domestic market. The change is motivated by their need to compete with the rising tide of innovations from the United States and, increasingly, from Japan.

Most new products, particularly electronic ones, require such a big investment that no single market in a European country can repay it.

With populations of 55 million, 54 million and 62 million respectively, Britain, France and West Germany once were markets big enough to support national telecommunications industries. As recently as a decade ago, it cost about \$50 million to develop an office switchboard with a 20-year

(Continued on Page 6, Col. 5)

## Israel Offers Apology To U.S. Over Spy Case

By William Claiborne  
Washington Post Service

JERUSALEM — The Israeli government apologized Sunday to the United States over the case of Jonathan Jay Pollard, a U.S. Navy analyst accused of espionage.

The government promised to uncover all the facts in the case, and said it would permanently dismantle the special Israeli intelligence-gathering unit allegedly involved in the espionage if the allegations were confirmed.

[Secretary of State George P. Shultz called the Israeli apology "an excellent statement." Reuters reported from Houston, Mr. Shultz said U.S. officials "are satisfied by it and wholeheartedly welcome it."

Prime Minister Shimon Peres, in a statement read to the cabinet, said:

"The government of Israel is determined to spare no effort in investigating this case, thoroughly and completely, and in uncovering all the facts to the last detail no matter where the trail may lead.

"The full inquiry is still incomplete and thus the government of Israel is not yet in possession of all the facts, but the inquiry is progressing vigorously.

"The government of Israel assures the government of the United States that in the wake of the inquiry, if the allegations are confirmed, those responsible will be brought to account, the unit involved in this activity will be completely and permanently dismantled, and necessary organizational steps will be taken to ensure that such activities are not repeated.

"The relations with the United States are based on solid foundations of deep friendship, close affinity and mutual trust. Spying on the United States stands in total contradiction to our policy.

"Such activity, to the extent that it did take place, was wrong and the government of Israel apologizes. For the time being we have nothing further to say on this."



The Israeli cabinet secretary, Yossi Beilin, reading a statement on the spy case.

The statement, read after the meeting by the cabinet secretary, Yossi Beilin, was made 11 days after Mr. Pollard, 31, was arrested outside the Israeli Embassy in Washington after unsuccessfully seeking asylum in Israel. Mr. Pol-

lard has been charged with selling U.S. intelligence documents to Israeli contacts in the embassy.

The statement was the first implicit government admission of the involvement of Israeli officials in Mr. Pollard's alleged espionage activities. But it stopped short of explicitly admitting official Israeli involvement and gave no indication of how high in the government knowledge of the covert operation went.

[Prime Minister Peres rebuked Moshe Arens, a cabinet member and a leader of the Likud bloc in his coalition government, over the Pollard spy case. United Press International reported, quoting Israeli radio.

"You are the last person who is entitled to talk about it with any degree of severity," Mr. Peres was quoted as telling Mr. Arens, a minister without portfolio, at Sunday's cabinet meeting. "Those things happened during your term as defense minister."

[Mr. Arens served as Israel's defense minister from February 1983 to July 1984. Mr. Peres did not say whether Mr. Arens had known

(Continued on Page 4, Col. 3)

## Black Leaders Say Goal Is Near in South Africa

By Edward A. Gargan  
New York Times Service

LUSAKA, Zambia — The leaders of the African National Congress say they believe that the goal of abolishing apartheid in South Africa and setting up a black majority government there is finally within sight.

The leadership of the organization, which was reconstituted here last summer for the first time to include nonblack members in its national executive, plus its optimism on several factors:

■ The continuing and growing economic problems faced by the South African government.

■ The continuing unrest in many black townships and the increasing inability of South African authorities to govern these areas.

■ The gradual but steady increase in the number of black youths coming to Zambia to join the African National Congress for military and political training.

The holding of several meetings between U.S. State Department officials and senior officials in the African National Congress.

As part of this optimism, African National Congress officials have repeatedly emphasized their long-stated goal of one person, one vote. They say that there will be no negotiation with the Pretoria government other than over how power will be transferred to the black majority.

It is still difficult to assess the strength of the African National Congress, the depth of its influence in South Africa and the extent of its information-gathering ability. There is also much disagreement among Western diplomats here over the importance and abilities of the organization.

It is equally difficult to determine whether the presence of disparate ideological banners — a spectrum that ranges from Western-oriented liberal democrats to

Marxist-Leninists — will lead to irreparable schisms and destroy the organization.

Nonetheless, a discernible vigor and excitement pulse through the whitewashed, single-story stone building in Lusaka that serves as headquarters for the African National Congress.

"The ANC is very important," a

South Africa's black unions have federated, in step to challenge white rule. Page 2.

Western diplomat said. "It is probably the most important black nationalist movement. They are not in day-to-day control over tactics there. They have been trying to get control of day-to-day activity in the townships. They feel the wind is in their sails, but the realists among them know how far they have to go."

Another Western diplomat was more cautious in his assessment of the organization.

"Like all exiles," this diplomat said, "they tend to be somewhat in the dark. They have a lot of information, but I'm not sure if it is accurate."

Although the African National Congress does not publish data on its strength or the size of its annual budget, Tom Sebina, a spokesman for the organization, said that an estimate of 8,000 members would be "a safe guess."

Some diplomatic sources said they thought the 8,000 figure was too low.

Mr. Sebina also said the group operated on a budget of "somewhere between \$20 million and \$30 million a year, much of which is obtained in grants from foreign governments." He said that this figure did not cover the entire military budget of the organization.

Sweden, which donated \$6 million

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Describes breathing pains her grandson, Rashid, 3, after the aftermath of the gas leak at Bhopal, India.

## Bhopal One Year Later: Grief and Relief Coexist

By Steven R. Weisman  
New York Times Service

BHOPAL, India — One year after a poison gas leak at the Union Carbide pesticide factory here, a major relief effort is reaching thousands of people, while thousands more continue to have trouble breathing and working.

Misery and rehabilitation can be seen side by side in the crowded and dusty slum abutting the plant, where death was almost instantaneous for hundreds of people when poison gas leaked from a storage tank late in the night of Dec. 2, 1984, and spread through the city in the early hours of Dec. 3.

In interviews last week, slum-dwellers said that their health has not improved and that they feared they would not be able to earn a living. Every day, 3,000 people receive treatment from 20 medical dispensaries that have been built in this central Indian city in the year since the leak killed at least 2,000 people and injured 200,000 others.

The crumbling shanties of mud and splintering wooden slats are still there, but so are newly built drainage systems, roads and a nearby hospital with 30 beds and doctors' examination rooms.

Rashma, a 13-year-old girl, lives with her older brother in a mud hut. She suffers from breathlessness, eye irritations and sharp pain in the ribs. "Sunday is when I miss

my parents most," she said. "Sunday night was when they died."

Half a mile away, Jahida Ahi, a mother of six, is sitting in a job training center, learning to use a sewing machine. She said she could no longer do her old job of rolling cigarettes because the poison gas had made her allergic to the strong smell of tobacco.

"I am happy to be in this program," she said. "It means I can make a living for my family."

For weeks after the accident, the leak of the poison gas, methyl isocyanate, in the worst industrial accident in history turned this teeming Indian city upside down. Sirens wailed, cremations took place one after another and bodies were buried in mass graves.

Confusion and panic struck as people struggled to breathe. There were fears that 20,000 had died and thousands had been blinded, but these disasters did not happen.

Bhopal today is permanently scarred in many ways. Political opposition leaders accuse the government of lagging in its efforts to help people and of permitting widespread corruption in the distribution of relief.

Others say the government is handing out aid indiscriminately to people who do not deserve it. At one point, nearly 600,000 of the 700,000 population were receiving

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## INSIDE

Private guards in the United States are expanding their role in public safety. Page 3.

A hotel in Britain was sentenced to life in jail, but a killing got six years. Page 4.

A Latin American cardinal, attending the Vatican synod of bishops, denounced liberation theology. Page 5.

OPINION

U.S. diplomats in Moscow have been the victims of State Department negligence, an envoy's daughter argues. Page 8.

BUSINESS/FINANCE

The U.S. economy improved in November, purchasing managers reported. Page 13.

Singapore's stock exchange is to suspend all trading Monday after the collapse of a major industrial venture. Page 13.

Swiss Reject Vivisection Ban

ZURICH — Swiss voters overwhelmingly rejected Sunday a referendum to ban vivisection, which had been fiercely contested by Switzerland's pharmaceutical companies and opposed by the government, legislature and major political parties. According to government figures, 70.5 percent of the total votes cast were negative.

## Mrs. Marcos Chides Critics as Ignorant Says Her 'Beautiful Spirit' Belies Charges of Corruption

By Seth Mydans  
New York Times Service

MANILA — Sometimes, says Imelda Romualdez Marcos, when the accusations of extravagance, corruption and misuse get her down she thinks of her favorite movie.

"O.K., they don't like my face,"

Corazon Aquino was picked to run in the Philippines, widening a rift in the opposition. Page 2.

the wife of President Ferdinand E. Marcos said of her American critics. "But I can be a good friend. I feel like the hunchback of Notre Dame. Here was this man, but such a beautiful spirit, you know? It is my favorite movie."

"They call me corrupt, frivolous," Mrs. Marcos said in an interview in a dining room of Malacanang Palace. "I am not at all privileged. Maybe the only privileged thing is my face. And corrupt? God! I would not look like this if I am corrupt. Some goodness would settle down on my system."

Mrs. Marcos spoke of the pressures she said she felt as her Philippine political opponents and her critics in Washington beat down on her husband's administration.

Describing the Marcoses as her country's Camelot, and her husband and herself as the incarnation

of a Philippine legend of Adam and Eve, she said criticism from the United States merely reflected ignorance of her nation's culture.

Always a controversial figure in the Philippines, Mrs. Marcos and her thoughts have taken on heightened interest as she has become the center of new political speculation.

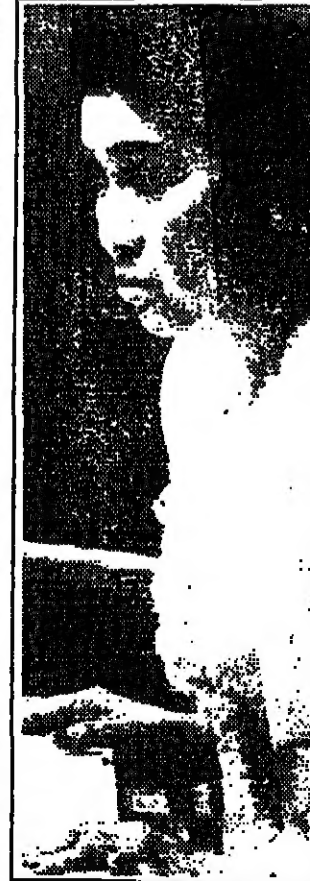
Though the possibility is a long shot that defies traditional political wisdom, Mrs. Marcos has become the most talked-about figure as a possible vice presidential running mate for her husband in elections that are expected next February.

Mrs. Marcos repeatedly denied the possibility with such phrases as "no way" and "count me out." As her husband did in an interview a month ago, she described herself as politically "totemous" with him.

But with a party political convention scheduled for Dec. 7, the beginnings of a bandwagon are appearing. On Friday, three pro-government newspapers published columns that appeared to be a coordinated effort to promote her candidacy.

"A political stampede is in the offing," wrote Jesus Bigornia in The Bulletin Today. "The clamor," he said, is "getting clearer and louder each passing day. The message is: 'Draft the First Lady.'"

A possible competitor for the post, Labor Minister Blas Ople, sees the possibility, too. "In a ratio-



Imelda R. Marcos



## 34 Black Unions Join Forces, Challenge Botha Government

By Allister Sparks  
Washington Post Service

DURBAN, South Africa — Thirty-four black unions joined forces here this weekend to form the biggest labor organization in South Africa.

They committed the new organization to play an activist role in the black struggle against apartheid, South Africa's system of racial separation.

At an inaugural rally Sunday, the previously apolitical unions declared their support for a policy of curbing foreign investment in South Africa and put the government on notice that if it did not abolish the laws that compel blacks to carry passes within six months, they would begin a defiance campaign and call on members to burn their passes.

Another big rally of blacks in Port Elizabeth agreed Sunday to suspend a boycott of white-owned shops in that city, but warned that if Nelson Mandela and other imprisoned black leaders were not released by April, and outlawed

black political movements legalized, the boycott would be resumed.

The formation of the new union federation just six years after black trade unionism was legalized, has been described as a milestone event that could change South Africa's economic and political fabric.

The federation's member unions, with a joint membership of about 500,000, are considered the best organized in the fledgling black labor movement. They span the vital mining, metal, food, retailing and transport industries.

However, black labor organizations with about 200,000 members following the philosophy of black consciousness remained outside the new federation because they opposed its nonracial stance and leadership positions.

Nevertheless, the federation, called the Congress of South African Trade Unions, appears to be in a position to back its demands for political reforms with a range of

strikes that could paralyze the South African economy.

"With the economy already reeling from the impact of the township unrest and increasing pressure for international sanctions, this additional black muscle poses a direct challenge" to the government of President Pieter W. Botha, said Johan Maree, a specialist in labor affairs at Cape Town University.

When black unionism was first allowed, most of the new unions decided to avoid politics. Although they declared their rejection of apartheid, they feared they would be crushed in infancy under South Africa's stringent security laws if they became politically active in opposing it. They decided to concentrate first on building up their shop-floor strength.

But they have come under increasing pressure to play a more activist role over the past year, as unrest in the black townships and violent clashes with riot police have radicalized many of their members. The unrest also provided the catalyst for unification, which had been the subject of negotiations between the unions that had splintered on for nearly four years.

At Sunday's rally the federation's newly elected leaders delivered fiery political speeches and about 10,000 unionists jogged around a sports stadium with colorful banners, singing freedom songs and chanting black nationalist slogans.

To wild cheers from the crowd, the president of the new federation, Elijah Barayi, called on Mr. Botha to resign as president and "make way for the real leader of the people, Nelson Mandela," the imprisoned leader of the illegal and exiled African National Congress.

The rally Sunday was similar to the big political rallies that have been the focal events of black activism in the townships, which the police now usually either ban or break up. Sunday, however, the police watched from a distance.

In a display of the economic muscle that the new union movement feels it has, Mr. Barayi, 60, wagged a finger at the watching police contingent and shouted: "I want to tell you that you will not arrest one soul at this meeting today. If you have come to provoke trouble, then you will get what you are asking for."

Emphasizing that the new union federation would not confine itself to wage negotiations but intended to play a leadership role in black politics and community affairs, Mr. Barayi said: "We are going to give a lead." The federation "is going to govern this country," he added.



Elijah Barayi, who was elected president of the newly formed Congress of South African Trade Unions, being carried Sunday by workers at a labor rally in Durban, South Africa.

## Manila Coalition Picks Corazon Aquino Opposition Rift Widens in Campaign Against Marcos

By John Burgess  
Washington Post Service

MANILA — A newly formed coalition has formally drafted Corazon Aquino as a presidential candidate in the upcoming Philippine presidential election.

The action widened a rift in the opposition that could eliminate any chance of it defeating President Ferdinand E. Marcos.

Most analysts give the opposition no chance of winning the Feb. 7 presidential election if the anti-Marcos vote is divided between Mrs. Aquino, 52, and the opposition's other front-runner, Salvador H. Laurel, 57, a former senator.

Mr. Laurel was nominated by his party, the United Nationalist Democratic Organization, last June. Sunday evening, in a crowded cathedral in Manila, Mrs. Aquino was presented with a reported 1.2 million signatures urging her to run for president. She responded with what appeared to be a promise to do so.

Afterward, thousands of supporters, some carrying candles and beating drums, marched with Mrs. Aquino to her house more than a mile away. It was one of the largest opposition demonstrations seen in the Philippines in recent months.

Mrs. Aquino told supporters at the cathedral that she would hold off on a formal declaration until after President Marcos signed a bill providing for a special presidential election on Feb. 7. He is expected to do so Monday night.

"I wish to assure you — you will

hear what you want to hear. You will not be disappointed," she said, eliciting a roar of approval from the crowd.

Mrs. Aquino did not play a significant role in politics until after the assassination of her husband, Benigno S. Aquino Jr., the opposition leader, in 1983. A Manila court is expected to hand down a verdict Monday on the 25 military personnel and one civilian tried in connection with his murder.

The formal draft for Mrs. Aquino was issued Saturday by a coalition group called People's Struggle. Its leader, Jovito Salonga, said, "She is expected to announce her decision to run very shortly."

Mr. Marcos and his ruling New Society Movement are watching the rivalry between Mrs. Aquino and Mr. Laurel with interest. "The more the merrier," Mr. Marcos was recently quoted as saying.

The Philippine opposition spans the political spectrum and includes businessmen, church leaders, labor organizers and conservative politicians. It has been unable to close ranks against Mr. Marcos, who is in his 20th year of power.

Emotions have run high in the opposition camps. Earlier this month, Cecilia Muñoz-Palma resigned as chairman of the National Unification Committee, an opposition umbrella group. She reportedly had had a heated dispute with Mr. Laurel.

Her successor, Francisco Rodrigo, announced last week that the

major opposition parties had agreed to select a single candidate. Mr. Laurel and Mrs. Aquino have met repeatedly in recent days to try to work out a compromise, but nothing has emerged. By many accounts, the hostility between the two camps has grown.

The People's Struggle coalition was formed last week by parties that boycotted the Unification Committee. They asserted that it was controlled by Mr. Laurel.

■ **Leftists Denounce Election**  
About 8,000 leftist demonstrators denounced the Feb. 7 election as a "U.S. imperialist ploy," The Associated Press reported from Manila.

The demonstrators marched Saturday toward Mr. Marcos's official residence but were stopped a few blocks away by riot police.

They chanted, "Crash the U.S. Marcos dictatorship" and painted slogans on walls calling for "Revolution, not elections."

A separate group of about 700 people demonstrated outside the gates of the U.S. Embassy, protesting U.S. military and economic assistance to the Marcos government.

Speakers at the two rallies denounced the proposed election as a trick by Mr. Marcos's "U.S. imperialist masters" to improve the president's image.

Police in Angeles, 50 miles (80 kilometers) north of Manila, said there also were demonstrations there against American involvement in the Philippines, including one near Clark Air Base.

## WORLD BRIEFS

### Argentina, Brazil Ask for Debt Talks

TANCREDO NEVES BRIDGE, Argentine-Brazilian border (Reuters) — The presidents of Argentina and Brazil have called for political negotiations on Latin America's \$360 billion foreign debt.

At a ceremony Saturday, President Raúl Alfonsín of Argentina and President José Sarney of Brazil met for the first time at the opening of the Tancredo Neves bridge, about 650 miles (1,040 kilometers) northeast of Buenos Aires on the Igazú River. The bridge is named after the Brazilian president-elect who died in April before he could take office.

The Brazilian leader said after the inauguration of the bridge that Latin American countries should negotiate with creditor countries to reconcile their common interests. Mr. Alfonsín said the region should impress on its creditors that the austere economic remedies they were trying to impose were impractical.

### Oil Is Still Flowing, Khomeini Says

LONDON (Reuters) — Ayatollah Ruhollah Khomeini, the Iranian leader, said his country's main oil-export terminal at Kharg Island was still operating despite repeated Iraqi attacks. Tehran radio reported.

"I don't know how many times Kharg Island can be destroyed, because they say time after time that they have razed Kharg to the ground," he was reported as saying Saturday.

The radio report, monitored in London, quoted him as saying: "The export of oil is still flowing in the same way as in the past." Iraq says that its planes have attacked Kharg Island 44 times since mid-August.

### Ex-Rhodesian Politician Is Murdered

HARARE, Zimbabwe (Reuters)

— Douglas C. Lilford, a leading figure in the politics of Rhodesia in the 1960s and 1970s, was found murdered on his farm near Harare early Saturday, police said. The motive for the killing was not known.

Mr. Lilford, 77, helped Ian Smith found the Rhodesia Front party in 1962 and then helped him to become prime minister from 1964 to 1979 before the advent of black-majority rule in the country, now called Zimbabwe.

Mr. Lilford, one of the wealthiest people in Zimbabwe, retired from politics three years ago. Throughout Rhodesia's illegal independence from Britain between 1965 and 1979, he opposed every constitutional proposal that offered political power to black people.



Douglas C. Lilford

### Police, Workers Guard Japanese Rails

TOKYO (NYT) — Several thousand riot policemen and rail workers were guarding train stations and other installations of the Japan National Railways over the weekend to prevent a recurrence of the sabotage that shut 23 commuter lines Friday.

Stopgap repairs restored communications and signal systems that had been knocked out in well-timed raids, and trains ran on schedule in Tokyo and Osaka. Both cities were badly snarled Friday morning as millions of commuters jammed roads and private rail lines in search of alternative ways to get to work.

Japanese police have focused their investigation on a band of leftist extremists known as the Chukaku-ha, or Middle Core Faction.

### For the Record

Three Armenians were charged in Paris on Saturday with possessing arms and explosives. Police said they were Monte Melkonian, leader of the moderate Armenian National Movement; Zibour Kassbar, a woman member of the group; and Benjamin Kechechian, a journalist. (Reuters)

The Liberal Party in Quebec is favored in Monday's legislative elections and is likely to end nine years of rule by the Parti Québécois, according to opinion poll results published over the weekend. (Reuters)

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## AMERICAN TOPICS



**ANTI-WAR-TOY PROTEST** — Zachary Seal, 9, and Aaron Melejos, 10, bury a GI Joe doll in a park in Santa Monica, California, to dramatize a campaign against war toys. A petition urging manufacturers to produce nonviolent toys was circulated among 100 protesters.

### Launching Platforms Frangit With Fizzles

History provides daunting statistics for congressmen, like Jack F. Kemp, a New York Republican, or vice presidents, like George Bush, who are considering running for president in 1988.

According to a New York Times survey, only one sitting House member has ever been elected president: James A. Garfield in 1880. Gerald R. Ford went from the House to the White House, but by appointment, not election.

Nine vice presidents have succeeded to the presidency on the death or resignation of the president. But only three incumbent vice presidents have been elected president — John Adams in 1796, Thomas Jefferson in 1800 and Martin Van Buren in 1836. Two who tried it and failed in recent years include Richard M. Nixon in 1960 (he succeeded, after leaving office, in 1968) and Hubert H. Humphrey in 1968.

### Short Takes

When a construction project at Fort McClellan, near Anniston, Alabama, is completed in February, the army will begin using active nerve gas to train troops in a chemical warfare course for the first time since 1973. About 5,000 men and women a year will be exposed to an atmosphere containing actual nerve gas. Lieutenant Colonel Trammie Sanderson, who will direct the program, said this will teach the troops to trust their own gas masks. "We want to give them confidence."

Donald Porter, secretary-general of the International Confederation of Amateur Baseball/Softball based in Oklahoma City, who recently returned from Moscow, says Soviet authorities have agreed to a \$150,000 program to introduce baseball and women's

softball in the Soviet Union. Rules in Russian are being prepared, and six coaches will go to Moscow next spring to train Soviet athletes. The Americans say that Soviet interest in baseball will help encourage its eventual acceptance as an Olympic sport.

**Shorter Takes** Toy-related injuries totaled 126,000 last year, down from 147,000 in 1977, but up from 118,000 in 1983, according to the federal Consumer Product Safety Commission. . . . The most expensive project in the interstate highway system, an eight-lane, 1.5-mile (2.4-kilometer) tunnel under Baltimore Harbor that cost \$825 million, was opened this month. . . . A third of New York City's 6,000 subway cars will be graffiti-free by the end of the year, the city transit authority says, and more than half are expected to be clean by the end of 1986.

### Notes About People

Friends say that Frank L. Rizzo, the former police chief who was mayor of Philadelphia from 1972 to 1980, is thinking of running again in 1987. Mr. Rizzo was defeated by W. Wilson Goode, in 1983. Mr. Goode plans to seek re-election, but he is considered politically vulnerable because of the police bombing of a house occupied by MOVE, a radical group, last May, in which 11 persons were killed and 250 houses destroyed.

Edmund Morris, the authorized biographer of Ronald Reagan, told the president that he wished he had had as much material for his book on Theodore Roosevelt as he is getting on Mr. Reagan, who has granted him unlimited access to the White House. The president, recalling Roosevelt's Spanish-American War cavalry charge, replied, "Well, I'm not going to ride up San Juan Hill for you."

—Compiled by  
ARTHUR HIGBEE

## Astronauts Finish Tasks Faster Than Expected

By Thomas O'Toole  
Washington Post Service

WASHINGTON — Two American astronauts aboard the space shuttle Atlantis have practiced construction techniques that will be needed to build a permanent orbiting station 230 miles (372 kilometers) above Earth.

On spacewalks Sunday and Friday, Major Jerry L. Ross of the air force and Lieutenant Colonel Sherwood C. Spring of the army performed tests to help space engineers understand some of the problems that might arise in assembling a space station projected for 1993.

[They completed the tests in a five-hour exercise Sunday using the shuttle's robot arm as an orbital cherry picker. "United Press International reported from Cape Canaveral, Florida. The test was aimed at exploring alternate methods of construction using the ship's 50-foot (164-meter) mechanical arm to move a man about, much like the kind used to maneuver utility workers who service street lights and overhead wires.]

During the spacewalk on Friday, the astronauts assembled 93 aluminum struts and 33 joints into a 45-foot tower in a little more than 40 minutes. After breaking down the tower and stowing the parts, they assembled a 400-pound (181-kilogram) inverted pyramid out of six 12-foot aluminum beams.

Working without tools, they built the pyramid and broke it down eight times, twice more than scheduled and in less time than they were allotted for six assemblies.

By the end of their task, the astronauts were assembling the pyramid in nine minutes and breaking it down in less than six minutes — three minutes faster than the first assembly and disassembly.

They did in four hours a job they were given more than five to complete.

Television views at National Aeronautics and Space Administration headquarters in Washington showed the astronauts trading places twice while they worked. They appeared in almost complete control of a job that had never been done before in space.

The astronauts, working in daylight and darkness as they circled Earth, said they found the tasks a little harder when under floodlights on the dark side of the planet.

When they built the tower, the astronauts faced each other in fixed positions, anchored with foot restraints. After putting together one of the tower bays, they slid it upward on guide rails to start work on the next bay.

Once, Colonel Spring hit his feet against the tower, and once Major Ross hit a switch with his hand that turned on a light by mistake. Those were the only accidental moves during the exercise.

When constructing the pyramid, the astronauts got out of their foot restraints and attached themselves to tethers so they could float freely around the space shuttle's cargo bay. Major Ross stayed near the floor while Colonel Spring floated about 12 feet above it.

The shuttle landing is scheduled for Tuesday at Edwards Air Force Base, California.

## In U.S., Private Guards Widen Role in Public Safety

By Martin Tolchin  
New York Times Service

WASHINGTON — Thousands of private security guards are taking over some of the police functions of federal, state and local authorities around the country.

The movement into government work marks an important departure from the role guards have long taken in protecting industrial and commercial property.

Security industry officials say their services save taxpayer money by avoiding red tape and trimming government employees. "We free sworn police officers to concentrate on more important law enforcement activities," said George Zoley, vice president of government services for Wackenhut Corp., one of the largest U.S. private security companies.

But critics say hiring standards and training programs of private security concerns are far less strict than those of public agencies. They also say private guards are not subject to the same controls as public officers. Finally, they say law enforcement issues of life and liberty are too important to be left in private hands.

Private guards, including some neighborhood guards, have been involved in assaults, shootings, vandalism, burglaries staged to attract clients and burglaries of clients' properties. Industry leaders agree the field needs stricter regulations and licensing requirements.

But the use of private guards by government agencies continues to grow, largely because they cost much less than public law enforcement agents.

"We are witnessing a fundamental shift in the area of public safety," said James K. Stewart, director of the National Institute of Justice, the research arm of the Justice Department. "It's not a loss of confidence in the police, but a desire to have more police."

Private guards, in blue blazers and dark trousers and deputized like members of police in the old West, serve as U.S. marshals in federal courthouses.

Others, wearing uniforms and badges nearly indistinguishable from those worn by public law enforcement officials, guard military bases and airports. Still others, in army-style fatigues and black ski

mask, guard nuclear facilities of the Department of Energy.

On the local level, private guards protect city halls and other public buildings in such cities as Seattle, Denver and San Francisco. They guard public housing projects and sports arenas, direct traffic, patrol parks and parking lots and help local police investigate crimes.

More residents of wealthy neighborhoods are hiring security guards to augment local law enforcement efforts. A handful of communities have even dismissed their entire police departments and contracted with private companies for all law enforcement services.

Private law enforcement is not new in the United States. Until the nation's first police department was formed in New York City in 1844, "law enforcement was in the hands of the private sector," said Lawrence Sherman, professor of criminology at the University of Maryland. "Basically, the only way people got apprehended was in response to economic incentives," such as bounties, he said.

Even after law enforcement was well established as a public responsibility, private guards continued to find work protecting industrial and commercial establishments such as factories, warehouses, department stores, hospitals, hotels and construction sites. These remain the industry's mainstays.

Today, however, work for government agencies and the protection of residential communities are the industry's fastest-growing sectors.

About 36,000 of the nation's 1.1 million private guards work for government: 11,000 for the federal government; 9,000 for states and 16,000 for local governments.

At the federal level, the use of private guards reflects the Reagan administration's commitment to reducing the size of government by turning to private industry for services formerly performed by federal employees. On the local level, this trend reflects the cut in federal funds available to communities, and opposition to tax increases to pay for government services.

The number of private security guards increased by 50 percent over the last 10 years, according to a study commissioned by the National Institute of Justice.

For example, there are 60,000 state and local public law enforcement officers in New York, but state and industry officials estimate private guards outnumber them by more than two to one. In Texas, where there are 36,000 public law enforcement officers, the ratio is five to one, the nation's highest.



From left, Steve Benner, Paul Hanthorn, Joseph Carrieri and Frank Fernandez, former policemen, are private guards deputized as U.S. marshals at federal court in Manhattan.

wage," said E.J. Crisnoli, executive vice president of the American Society for Industrial Security. "When you go to that labor market pool, you're likely to get some individuals who've had some brushes with the law."

Critics also see serious philosophical and ethical problems when public safety becomes a matter for private enterprise.

"There's a conflict between the police officer's role to catch criminals and the private security officer's role to please his employer," said William E. Cunningham, president of Hallcrest Systems, a law enforcement management consulting company.

Critics assert that private guards often do not report crimes at shopping malls, factories or elsewhere because their owners do not want them to become known as dangerous places. Employers may direct guards not to report white-collar crimes to law enforcement agencies.

Further, Mr. Cunningham said, there were "grave concerns" about the ability of most police departments to investigate corporate crime, such as computer crime, commercial bribery or industrial espionage.

Courts have ruled that security guards for private companies are not subject to the constitutional constraints that restrict public law enforcement officers.

Unlike private guards working for government agencies, who are held to the stricter standards, private guards working for private companies need not inform crime suspects of their constitutional rights or obey the Fourth Amendment's restraints on searches.

For example, the New York Court of Appeals held that private guards at Bloomingdale's department store in Manhattan were not required to tell a man accused of shoplifting that he had the right to remain silent.

Critics also cite the equity issue that increasingly arises as residents of wealthy neighborhoods employ private guards, and just as some educators fear the growth of private schools will reduce support for public education, critics of private law enforcement fear its growth will erode public support for tax-paid police.

### APPEAL

to

## ALL MEMBERS OF THE MELKITE CATHOLIC COMMUNITIES IN BRITAIN, FRANCE AND ALL OTHER COUNTRIES OF EUROPE

An International Melkite Catholic Union (IMCU) has been founded recently in London, of which Patriarch Maximos V Hakim is President. The birth of IMCU was witnessed at a meeting (16-19 Nov.) by representatives of the Melkite Catholic communities in Britain, France, the U.S.A., Canada and Brazil.

The purposes of IMCU aim at, inter alia, promoting the spiritual and cultural welfare of all members of the Melkite Catholic Church, and encouraging all its members to stand for human dignity in the world, justice and care for the suffering.

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The above is a liaison address which can also be reached by Tel. 629 6571 (London) between 10 a.m. and 5 p.m., Monday - Friday.

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## CIA Analyst Gave China Top Secrets, Official Says

By Philip Shenon  
New York Times Service

WASHINGTON — A former analyst for the Central Intelligence Agency is thought to have given China many of the CIA's top-secret reports on the Far East written over the last 20 years, a Reagan administration official has said.

The official said Friday that the government believed that the analyst, Larry Wu-Tai Chin, 63, had access to nearly all these documents. He said that Mr. Chin was one of the intelligence agency's most experienced Chinese-language translators and was involved in distributing CIA reports to the White House and other federal agencies.

Another administration official said that Mr. Chin might have provided the Chinese with detailed information about American policy in the Vietnam War. According to the Federal Bureau of Investigation, Mr. Chin has confessed to spying for the Chinese since at least 1972.

Intelligence officials have been unable to explain how a CIA employee might be able to spy for so long without detection.



Larry Wu-Tai Chin

"He's been a mole for a long time, and he had access to all levels of classified information, secret and top," a law enforcement official said. Officials said that Mr. Chin might have received as much as \$1 million from the Chinese in exchange for American secrets.

The official said that Mr. Chin often was involved in analyzing sensitive intelligence material gathered from China. By learning where the material had come from, the official said, Mr. Chin could help Chinese agents identify the sources of the information.

At a court hearing last week, an FBI agent testified that the Chinese needed two months to translate each shipment of material from Mr. Chin. His information was considered so valuable, the agent said, that Mr. Chin's identity was revealed to only a few people in China's intelligence services.

Despite reports that Mr. Chin was a relatively low-ranking intelligence agency analyst, officials said that he probably had done more damage to the United States than the three other Americans who were arrested on spying charges over the last two weeks.

Mr. Chin, a U.S. citizen and a resident of Alexandria, Virginia, is being held without bail until trial. His lawyer said earlier this week that Mr. Chin would plead not guilty to the espionage charges, which carry a maximum penalty of life imprisonment.

## Israelis Apologize To U.S. in Spy Case

(Continued from Page 1)

about the covert Israeli activity, the radio reported.

Mr. Peres's statement also failed to address two demands made by the U.S. government: the return of secret documents allegedly stolen by Mr. Pollard and sold to his Israeli contacts, and the right of U.S. law enforcement officials to question two Israeli diplomats who returned last week to Israel after being named as the contacts in the United States.

Mr. Peres's pledge to dismantle the "unit involved in this activity" was the first public reference by the Israeli government to an anti-terrorism intelligence-gathering unit within the Defense Ministry. According to informed Israeli sources, the unit directed espionage activities in Washington.

Israeli sources have said the unit operates under the direction of Rafi Eitan, a former adviser on terrorism to Mr. Peres and to former Prime Minister Menachem Begin.

Both of the Israeli science attaches who were recalled after Mr. Pollard's arrest, Ilan Ravid and Yosef Yagur, were attached to an overt science and technology data-gathering office also headed by Mr. Eitan, official Israeli sources said. The office is called Lektam, a Hebrew acronym for Science Liaison Bureau.

U.S. "Satisfied" by Statement Secretary of State George P. Shultz said Sunday the United States welcomed Israel's apology. Reuters reported from Houston, where the secretary had stopped while traveling to Colombia.

"This is an excellent statement, Mr. Shultz said. 'We are satisfied by it and wholeheartedly welcome it.'

"We have been assured that they will provide us with access to the individuals who are knowledgeable about the case and that Israel will give us a full report on the extent of whatever activities their investigation reveals to have taken place," he said.

Arafat Arrives in Algiers

ALGIERS — Yasser Arafat, chairman of the Palestine Liberation Organization, arrived here Saturday on an unscheduled visit for talks with Algeria's president, Chadli Bendjedid, Palestinian sources said.

## U.K. Sentencing: A Rioter Gets Life, a Killer, 6 Years

By Joseph Lelyveld  
New York Times Service

LONDON — When a rowdy football fan named Kevin Whittow was sentenced to life imprisonment recently, members of Parliament and editorial writers could not find a single word in praise for the judge. When a former philosophy student named Nicholas Boyce got six years in jail, no one bothered to comment on the sentence.

Yet by the standards of most societies, including Britain's, Mr. Boyce's crime far exceeded Mr. Whittow's in its consequences and gruesomeness.

The details might almost be characterized as unimpressive, except that they were reported in even the most high-profile newspapers in grisly detail. Having strangled his wife, Mr. Boyce hacked her body into small pieces, some of which he cooked, in order, it was explained to the jury, to make them look like leftovers from "a Sunday lunch." The remains were then distributed at various points around London.

Mr. Whittow was involved in a riot at a game that he had not attended. Violence at soccer games has been widely denounced as a national disgrace since May, when a riot by Liverpool fans at a game in

Brussels provoked a panic in which 38 persons died. The life sentence on a charge of "notorious behavior" clearly was intended to be exemplary.

Reports on the case emphasized an assault on an American bartender at a pub. The attack was carried out with a broken glass by a gang that included Mr. Whittow, who previously had been jailed for hooliganism. The bartender was badly cut in the face, but that assault had nothing to do with the life sentence; it gave rise instead to a concurrent sentence of 10 years.

"It is exactly right that brutal and mindless violence should attract a violent sentence," said Robin Corbett, a Labor member of Parliament.

Geoffrey Dickens, a Conservative, said, "The country could be straightened out in a year if judges move in with hooligan boots like this instead of imposing carpet-slippers, powder-puff sentences."

The contrast between the two cases — each tried at the Old Bailey, the main criminal court in London — illustrates the comparatively large discretion on sentencing left to British judges by criminal laws that traditionally have set maximum but not minimum sentences. The possibility of

glaring disparities and the lack of consistent standards have troubled some legal scholars. But calls for change have been blocked by the British judiciary's proud insistence on its independence.

Two years ago, Andrew Ashworth, a fellow of Worcester College at Oxford University and the editor of the Criminal Law Review, called in a widely noticed scholarly work for the creation of a sentencing council to lay down guidelines. Such a council, he suggested, could be chaired by the lord chief justice and made up of scholars, probation officers and prison officials as well as magistrates.

Mr. Ashworth attributed the dearth of guidelines to "the English habit of muddling along without being explicit" and contended that "the sentencing process is a disgrace to the common-law tradition."

But he now acknowledges that sentencing has not remained a live issue. "Clearly, it didn't meet the judiciary's desires," he said.

Consistent standards could result in a stiffening of sentences, especially when it comes to homicides. British law makes a life sentence mandatory on murder convictions and leaves it up to judges to draw the distinction between murder and man-

slaughter. Often juries bring in a finding of manslaughter, which can result in a life sentence but often produces something much lighter.

On the same day that Mr. Whittow was sentenced to life in prison for "notorious behavior," an Old Bailey judge sentenced a white youth named Martin Newhouse to six and a half years in jail for stabbing a young black to death in a street fight and causing an affray.

Black groups, calling the killing racially motivated, had demanded a severe and exemplary sentence. The judge warned them that they might make themselves liable to contempt charges.

Mr. Boyce, the student who killed his wife, took advantage of a British legal tradition that treats domestic violence relatively lightly when it is charged that the slain spouse helped to raise the level of domestic tension. He testified that his wife, Christabel, had cast slurs on his machismo and provoked him by breaking his pipes.

In passing sentence, the judge said that Mr. Boyce was devoted to his claim and that "a man of reasonable self-control might have been similarly provoked and might have done what you did."

## A Year Later, Misery and Rehabilitation at Bhopal

(Continued from Page 1)

free rations of food, but this number was cut back sharply in recent weeks.

In all, the government has spent about \$40 million on relief efforts since the accident, roughly half of it in direct cash grants and food assistance.

The other half has paid for medical treatment and job-training programs that have enrolled 1,200 people with breathing problems in courses teaching the use of knitting and sewing machines, television repairs, soap- and chalk-making and other less taxing work.

Recently the government stepped up its drive to distribute cash grants to poor victims and sign people up to press legal claims against Union Carbide Corp. Critics say these efforts were prompted by the approaching anniversary of the disaster.

Modul Vora, chief minister of the state of Madhya Pradesh, denied charges of mismanagement of aid.

"It is a preposterous suggestion," he said. "Our first priority was to provide medical relief, and we have succeeded to a large extent. Now we are proceeding with social and economic rehabilitation."

Political groups are planning rallies, processions and demonstrations against Union Carbide in connection with the anniversary. Yet, only in the last few months has there been any organized effort

to make an inventory of the medical ailments for the purpose of filing a legal claim against Union Carbide Corp. The company, based in Danbury, Connecticut, has a 50.9 percent ownership in Union Carbide India Ltd., which operated the Bhopal plant.

Six months ago, a visit to Bhopal indicated that medicine distribution was in chaos. Gas victims were going from dispensary to dispensary to get relief. No records were being kept, and doctors said over-medication was rampant.

Last week, doctors said they had come to recognize this problem only late in the summer, when it was determined that some people were taking multiple quantities of vitamins, alcohol-based cough syrups, steroids and antibiotics to combat their ills.

Then the hardest-hit areas of Bhopal were split into seven districts, each with a central dispensary. Patients were told to go only to their own dispensary, and everyone was to be given a code number and yellow record card.

As a result, the medication situation seems to have improved, although interviews with doctors of Bhopal residents showed only a small fraction with yellow record cards.

Major organizational problems in Bhopal appear likely to hamper the government's attempt to mount an effective legal claim in a U.S. court for compensation from Union Carbide.

When a swarm of American lawyers came to Bhopal after the accident to sign up clients, there was talk of huge benefits in court claims to be reaped from the multinational company. The American lawyers have not

been heard from lately, and instead people have been signing up in recent months at 30 different official claim centers, authorizing the Indian prime minister's relief fund, and more recently, the Indian subsidiary and its 8,000 employees at 11 other plants in India contributed \$70,000 for medical relief and job training.

The government has also made 24,000 payments of \$125 to poor families in neighborhoods affected by the gas. In interviews, many people said these had helped tide them over hard times.

Several activist groups in Bhopal continue to maintain that the government has been parsimonious in its assistance and too cautious in its estimates of the damages.

"There has been some recent improvement, but only because of our agitation," said Dr. Anil Sadgopal, an activist in the Bhopal Gas Disaster Struggle, an independent group that has agitated for more government help for the Bhopal victims. "Whatever they do is always too little, too late and sometimes never."

Dr. Ishwar Dass, supervisor of the government's medical relief effort, acknowledged that sometimes the pace has been slow.

"But this was a tragedy of unprecedented dimensions," he said. "One can always say we should have handled it better, but we did as best we could given our resources and the conditions."

There may never be agreement on how many people actually continue to be affected by the gas leak. About 175,000 people went to hospitals with complaints in the first days, and many people believe that this number of people continues to experience at least some mild complaints.

which includes workshops for job-training.

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## Mrs. Marcos Chides Critics, Election Rivals

(Continued from Page 1)

nal world, you might say a Marcos-Marcos ticket is not possible," he said the other day. "But politics in the Philippines is seldom rational."

He added, "No one else has the political fund of gratitude and good will that Mrs. Marcos has. She stands guardian over the whole reservoir of political debts."

Mrs. Marcos dismissed some of her potential political rivals by saying they were motivated by "just simple little self-interest."

She was asked about the perception that Corason Aquino, widow of Benigno S. Aquino Jr., the assassinated opposition leader, represents a moral cause that could sweep the widow to power in an election.

"Moral cause, ha, ha, ha," she said. "What a big, noble name like moral cause, for one interest. We sympathize. I sympathize with her, her family, the family of Aquino, as any Filipino sympathizes. But we cannot continue sympathizing until we sympathize because we have lost our country."

She said she was afraid to hold private conversations in the palace. "Well, it looks like the whole place is bugged," she said. "Our telephones are all bugged. We are all, from all corners."

She was vague about the possible source of the wiretapping that she believed was taking place, but said private conversations had later appeared in public.

"Anything of real security, we don't do here," she said.

Mrs. Marcos also asserted that disinformation was being spread by people using her own telephone and impersonating her voice. "It's terrible what we have discovered," she said.

During the interview, Mrs. Marcos sent for a lined yellow pad and illustrated her philosophy with drawings of a triangle representing politics, followed by a square representing the economy, followed by a circle representing social services.

The sum of these pictograms, she said, is a heart, on which she drew a smiling face.

As governor of metropolitan Manila, which has a population of more than eight million people, and minister of human settlements, with a budget of millions of dollars, Mrs. Marcos has had broad opportunities to put her philosophy into action.

In what appeared to be a summary of some of her thoughts on life, Mrs. Marcos said at one point: "They say that after the search for money and power is the search for beauty, for beauty is love made real and the spirit of love is God. In the state, an active state of duty, love and god is happiness. A passive state of beauty, love and God is peace."

"One of the good things about what little I know is that I am basically humble, basically humble," she said.

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Finland	Fmk.	1,410	760	414
France	Ffr.	1,200	644	359
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Sweden	Skr.	1,470	795	424
Switzerland	Sfr.	432	230	122
Rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East	\$	322	174	95
Rest of Africa, Canada, Latin America, Gulf States, Asia	\$	442	238	130

## U.S. Officers Reportedly Witnessed Malta Raid

(Continued from Page 1)

or, as Prime Minister Carmelo Mifsud Bonnici indicated, to intercept the hijacked plane if it left Malta.

Neither the U.S. Embassy in Valletta nor the Maltese government would confirm or deny the

presence of U.S. military officers with the Egyptians. But sources said they had talked to the U.S. officers at the airport building where the Egyptian commandos had set up their headquarters after flying from Cairo.

Other sources confirmed reports that a second U.S. military team had sought to fly to Malta from Europe to provide assistance to the Egyptian commandos but failed to arrive in time because of the hesitation of a nervous Maltese government.

Sources in Washington said that the United States dispatched its special counterterrorist team known as the Delta Force from Fort Bragg, North Carolina.

U.S. government sources said that President Hosni Mubarak of Egypt had requested the Delta Force. He has denied this.

During the interview, Mrs. Marcos sent for a lined yellow pad and illustrated her philosophy with drawings of a triangle representing politics, followed by a square representing the economy, followed by a circle representing social services.

The sum of these pictograms, she said, is a heart, on which she drew a smiling face.

As governor of metropolitan Manila, which has a population of more than eight million people, and minister of human settlements, with a budget of millions of dollars, Mrs. Marcos has had broad opportunities to put her philosophy into action.

In what appeared to be a summary of some of her thoughts on life, Mrs. Marcos said at one point: "They say that after the search for money and power is the search for beauty, for beauty is love made real and the spirit of love is God. In the state, an active state of duty, love and god is happiness. A passive state of beauty, love and God is peace."

"One of the good things about what little I know is that I am basically humble, basically humble," she said.

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## Latin American Bishop, At Synod, Denounces Liberation Theology

By E.J. Dionne Jr.  
New York Times Service

ROME — A leader of the conservative wing of the Roman Catholic Church in Latin America has issued a harsh denunciation of the theology of liberation, saying, "What I see is a church with a machine gun. I cannot see the crucified Christ in that church."

Meanwhile, an American nurse and a former nun from Belgium interrupted a news conference at the Vatican on Saturday to plead the case for women as priests.

At the same news conference, one of the presidents of the extraordinary synod of bishops, Cardinal Joseph Malina of Zaire, said the church could not expect to become a "democracy, as we know it and experience it in civil society."

The attack on liberation theology came from Bishop Dario Castrillon Hoyos, the executive secretary of the Latin American Episcopal Conference. Cardinal Castrillon Hoyos said the church in Latin America had gained credibility by identifying itself with the poor and now "sees with greater clarity the overview of poverty, misery and exploitation."

"In analyzing this reality in light of the Gospel, the church has seen that this is a scandal," he continued. "But some lines of liberation theology have generated some very sorrowful and very sad fruit for the people and for the church," he said.

"We can never use hate as a system of change," he said. "The one of being a church is love."

The bishop's comments raised one of the thorniest questions facing the church, the relationship between its teachings on the need to help the poor and political action.

The theology of liberation has advocated the need for Catholics to become involved in movements for social justice and the desirability in some cases of revolution.

The pope and the Vatican have criticized aspects of liberation the-

ology, saying that in some forms it has adopted Marxist ideas, notably that of class struggle. The liberation theologians, in turn, have argued that the Vatican's attacks have hurt Christian movements for social change.

The news conference was interrupted when the two women, Marie Therese Somoy of Brussels and Babi Burke of Fort Lauderdale, Florida, were recognized as speakers and allowed to issue their appeals for the church to allow women to be ordained as priests.

"The yoke that has been borne for too long by the women of the church has to be lifted," Ms. Burke said.

She said that in the United States, many Catholic women who had studied theology for years had finally left the faith to join the Episcopal Church so they could be ordained.

**Synod in 5 Years Proposed**  
Kenneth L. Briggs of The New York Times reported from Rome: Cardinal Malina said Saturday that another meeting might be required to adequately examine the problems facing the church.

"The limited amount of time available to discuss all the problems in the church doesn't enable us to deliberate in much depth," he said. "I see no real problem having another synod in five years."

Cardinal Malina's comments reflected a general view among the church leaders that they have been overwhelmed by the sheer breadth of the problems they have had to discuss.

At the same time, however, church liberals said they were heartened that the showdown between progressives and conservatives that some expected had not materialized.

A liberal Vatican official said: "It hasn't been black-white even from those who wanted it that way, and the pessimists are really in a minority. It's worked out much better than I ever hoped."

Many liberal Catholics had feared that the synod would become a conservative campaign to roll back some of the Second Vatican Council's principles, but that has not taken place.



José Maria Ruiz Mateos on his way Sunday to a Spanish prison where he will await trial on fraud charges.

## Rumasa Founder Is Sent To Spain for Fraud Trial

Reuters

MADRID — José Maria Ruiz Mateos, a fugitive Spanish financier, has been extradited from West Germany and is being held in a high-security jail near Madrid for trial over the near-collapse of Rumasa, once Spain's largest private holding company.

Mr. Ruiz Mateos left Spain shortly after the Socialist government nationalized 240 of his 400 companies in February 1983. He was arrested Saturday in Frankfurt, where he had fought extradition since last year, and flown to a military base near Madrid. He has been refused bail.

Mr. Ruiz Mateos, 54, was charged in 1983 with currency smuggling, accounting fraud, social security fraud and embezzlement.

But he can be tried only on the offenses accepted as grounds for his extradition, two counts of accounting fraud, involving false balance-sheet data and exaggerating his bank's assets. They carry a maximum six-year prison term.

The trial is expected to rekindle

political controversy over the takeover of Rumasa, which included hotels, department stores, farms, vineyards, and banks.

The government said it acted to avert a major collapse. Mr. Ruiz Mateos, its founder, blamed a plot by business rivals. The rightist opposition waged a one-year legal battle against nationalization that was finally settled by the Constitutional Court in the government's favor.

The trial also could affect Spain's upper classes, the daily *Diario 16* newspaper said in an editorial. It cited possible "irregularities in the group's banks whose boards included notable figures of our country's social, political and business circles."

The government has said Rumasa was technically bankrupt and its 60,000 jobs were in danger.

All Rumasa companies were sold back to the private sector after the government spent \$3 billion to straighten their finances. When the sell-off began in 1984, officials put the group's accumulated losses at \$2.6 billion.

## Malta Seeks Accomplice In Hijacking, Pilot Asserts

New York Times Service

CAIRO — Maltese authorities are investigating the possibility that an accomplice to the hijackers was aboard the EgyptAir flight, according to the plane's captain, Hani Galal.

Mr. Galal said he told the authorities that a man who appeared to be Greek and in his 50s seemed to move easily among the hijackers and brought what might have been a passport to their leader, in the cockpit.

Mr. Galal said that Maltese authorities took him to St. Luke's Hospital in Valletta to identify the suspect among the wounded. He said the man was unable to speak and appeared close to a nervous breakdown.

Saturday night, in an interview on Egyptian television after being returned to Cairo, Mr. Galal said: "There is a person we suspect and they are now trying to establish his nationality and background. He is now in Malta."

**Malta Denies Report**

Paul Mifsud, the Maltese government spokesman, said he knew nothing about another surviving participant in the hijacking. The Associated Press reported Sunday from Valletta.

Hospital officials refused to comment on Mr. Galal's report. Egypt's ambassador to Malta, Ahmed Ali Amr, also said he had no information about another suspect.

One surviving suspect, Omar Marzouki, is being treated at St. Luke's.

## Fire Damages Offices In U.S. of Arab Group

Los Angeles Times Service

WASHINGTON — The offices of the American-Arab Anti-Discrimination Committee here were gutted by a fire that district officials said appeared to be of suspicious origin. A committee official said a threatening phone call had been received by the executive director before the fire.

## Pressure Builds on Mubarak to Use Force Against Libya for Hijacking

By Michael Ross  
Los Angeles Times Service

CAIRO — Despite a number of sobering constraints, pressure is building on President Hosni Mubarak to take military action against Libya, following the bloody hijacking of an EgyptAir jetliner to Malta, diplomatic and Egyptian analysts say.

These analysts believe that it is only a question of time before Egypt takes some kind of action against Libya's leader, Colonel Moammar Qadhafi, for a growing list of terrorist plots that Egyptian officials have charged were either planned or carried out by Libya.

However, the form any retaliation would take and its exact timing remain matters of intense and differing speculation, reflecting the fact that any major operation against Libya carries risks that could outweigh the rewards for Egypt.

There is also some doubt about whether Mr. Mubarak's domestic position is strong enough to embark on a course of action with unpredictable consequences. The president is widely regarded as lacking popularity, and many ana-

lysts believe that his standing has been weakened further by the outcome of the hijacking, in which 60 persons died, all but three of them when Egyptian commandos stormed the plane.

The carnage deeply shocked Egyptians and, coming after the humiliating hijacking of the Italian cruise ship Achille Lauro in October, has led to talk about Mr. Mubarak's ability to handle a crisis, Western diplomats said. After Egypt let the hijackers of the Achille Lauro go, U.S. jet fighters forced the Egyptian plane carrying them to land in Sicily, where they were arrested.

Mr. Mubarak has accused Libya of instigating the EgyptAir hijacking and vowed that terrorists that claimed Egyptian lives "will not go unpunished." Egypt's armed forces have been on a heightened state of alert along the western frontier with Libya since Nov. 24, the day of the commando raid.

"We have no figures, but the information we have indicates a high degree of preparedness and planning," a Western diplomat said. "They are examining the size of the forces they will need and putting them in place."

Most Egyptians seem prepared to accept at least a short and limited war with Libya. While the evidence cited that Libya was behind the hijacking seems thin and circumstantial, Egyptians generally appear to accept the claim, if only because it is another example of what they have come to expect from Colonel Qadhafi.

"The Egyptian media has been preparing people psychologically for this for a long time," noted an Egyptian political scientist. "For years, we've been saying that Qadhafi is guilty of this plot and that plot against Egypt. Now, after the hijacking, there is a lot of anger. From teachers to merchants to taxi drivers, everyone I talk to says Mubarak should do what Sadat did."

The political scientist was referring to the border war that the late Anwar Sadat waged against Libya in 1977. Then, Egyptian forces drove 20 miles (32 kilometers) inside Libya and briefly occupied the Jaghbub oasis before withdrawing.

Mr. Mubarak himself interjected a cautionary note last week. "We do not call for war," he said. "We call for peace. War is not a simple thing. We cannot take that decision simply."

## North Yemen Jews Reported Killed By Palestinians

Agence France-Presse

TEL AVIV — Palestinian militants from military camps near the Yemeni capital of Sana'a have killed "numerous" members of North Yemen's small Jewish community, Israeli radio and newspapers reported Sunday.

News of the deaths came from recent tourists to North Yemen who informed Israeli Jews of Yemeni origin, the daily newspaper *Ma'ariv* said.

The Palestinians, who entered North Yemen in 1982 after being forced from Beirut, had launched a campaign of violence and killings against Jews in North Yemen, radio reports said.

Ma'ariv said that the North Yemeni government had taken a series of measures, including confining Jews to their homes between midday and dawn.

**Polish Leader Visits Libya**

The Associated Press

TRIPOLI, Libya — General Wojciech Jaruzelski, the Polish leader, arrived Saturday in Tripoli for a two-day visit and was welcomed by the Libyan leader, Colonel Moammar Qadhafi, the official JANA news agency reported.

## Kohl Opposes Presenting Nobel To Soviet Doctor

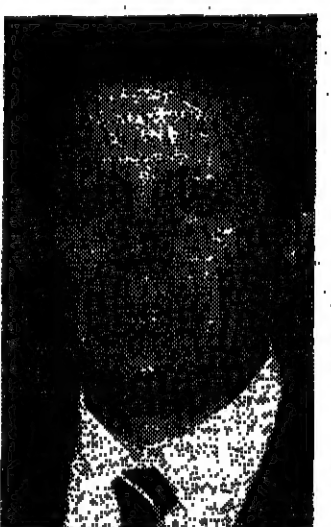
Reuters

BONN — Chancellor Helmut Kohl of West Germany and other European Christian Democratic leaders have asked Norway's Nobel Prize committee not to present the 1985 Nobel Peace Prize to one of the winners, Dr. Yevgeni Chazov of the Soviet Union, Mr. Kohl's Christian Democrat Party said Sunday.

It said Mr. Kohl and 10 other European Christian Democrats had written to the committee charging that Dr. Chazov, co-chairman of International Physicians for the Prevention of Nuclear War, was involved in human rights abuses, including the slandering of the Soviet dissident Andrei D. Sakharov.

Dr. Chazov was awarded the 1985 Nobel Peace Prize in October along with the other co-chairman, Dr. Bernard Lown, of the United States. They are due to receive the award at a ceremony in Oslo on Dec. 10.

The Christian Democratic leaders of West Germany, Italy,



Dr. Yevgeni Chazov

Greece, Spain, Austria, Switzerland, and the Benelux countries said that in 1973 "Chazov and 24 other members of the Soviet Academy of Sciences signed a letter in which Nobel Peace laureate Andrei Sakharov was vilified. This letter was undoubtedly the start of a campaign against Sakharov which led to his banishment to Gorki."

## Little Change Expected at EC

(Continued from Page 1)

licy coordination, officials said that there were signs of progress in other areas. The hard-line positions of some states, they said, appeared to be softening, including Italy's insistence on greater powers for the European Parliament.

In addition, Mr. Delors eliminated some of the proposals he had made on aligning the monetary policies of members. His suggestions were strongly opposed by Britain and West Germany.

The apparent inability of the Danish government to approve any treaty changes or the creation of

additional treaties remained a substantial obstacle to unanimous agreement.

A Danish spokesman said that because his government does not have the backing of a parliamentary majority on foreign policy, Prime Minister Poul Schluter would have to delay agreement on any reforms until he could consult the parliament.

As the foreign ministers gathered Saturday, a bomb damaged an electricity pylon in a suburb of the capital, causing a temporary loss of power in most of the city. No group took responsibility for the blast.

## Iran Is Called Key to French Hostages

Reuters

BEIRUT — A French mercy mission that left Lebanon on Friday carried home the message that France should improve its relations with Iran if it wants Lebanese kidnappers to free four French hostages, a Beirut newspaper said.

The conservative daily *An-Nahar*, in a dispatch from its Paris correspondent, cited "an informed source close to the contacts between Beirut and Paris."

The newspaper said Saturday that France appeared ready to open "direct contact" with Iran. Relations between them have been strained since Iran's revolution in 1979.

*An-Nahar* said that Iran's hopes for supplies of French weapons for its war with Iraq, and for compensation for a rebuilt nuclear reactor,

would be the main topics in any talks on improving relations.

*An-Nahar* said that there were several possible ways to resolve the hostage problem, but that "the basic key" was in Tehran.

"The basic demand brought back" from Lebanon by Ramzi Raad, a French doctor, "was improving France's relations with Iran in several fields," the paper said. Dr. Raad and a French diplomat, Pierre Blouin, spent 11 days in Lebanon seeking ways to free four French hostages.

The kidnapping victims, believed to be held by Islamic Jihad, a shadowy organization of pro-Iranian Muslims, are Marcel Carton and Marcel Fontaine, both diplomats, Jean-Paul Kanfmann, a journalist, and a researcher, Michel Sourat.

*An-Nahar* said: "Joint talks on outstanding problems might be achieved by dispatching a delegation of French experts to Tehran."

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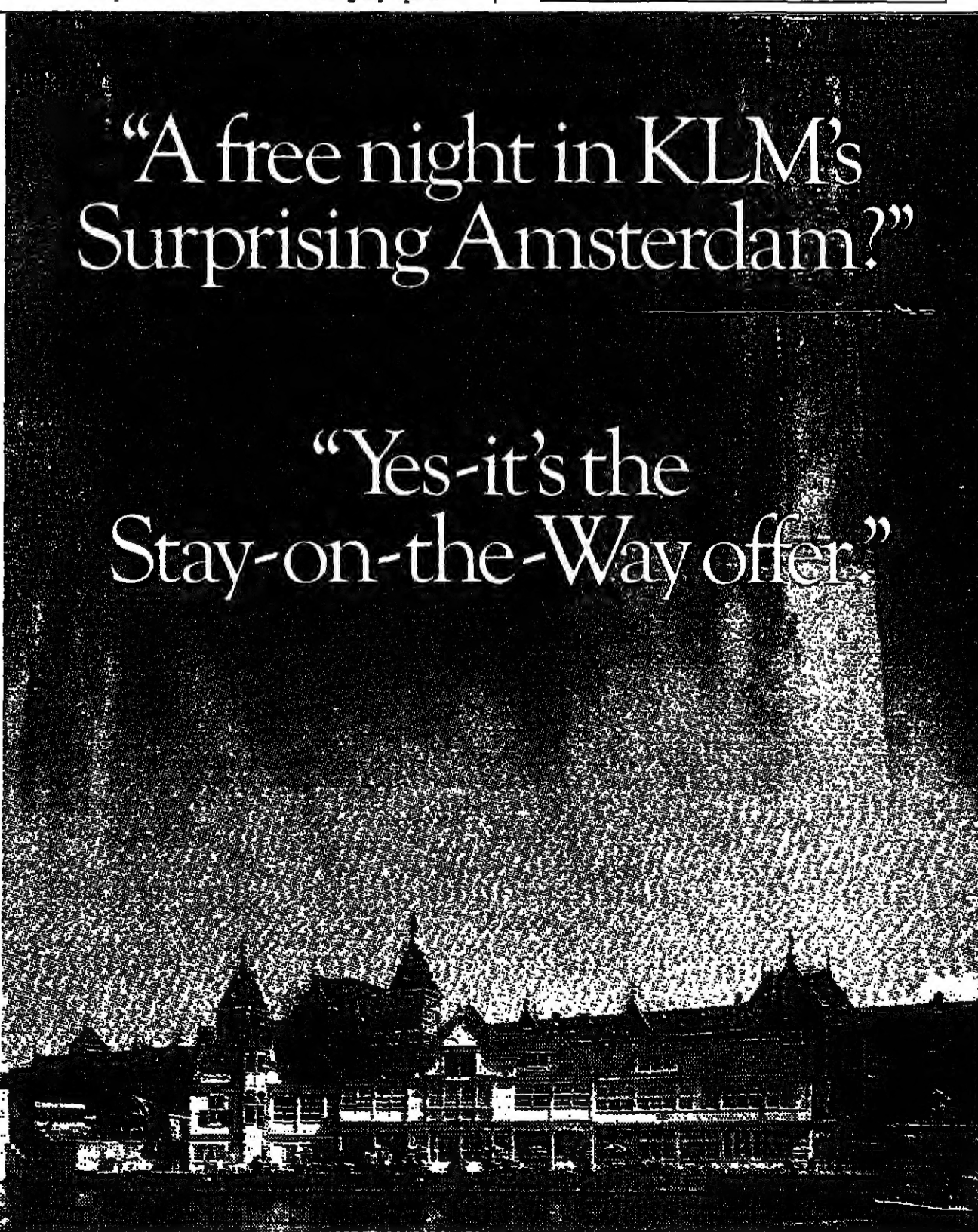
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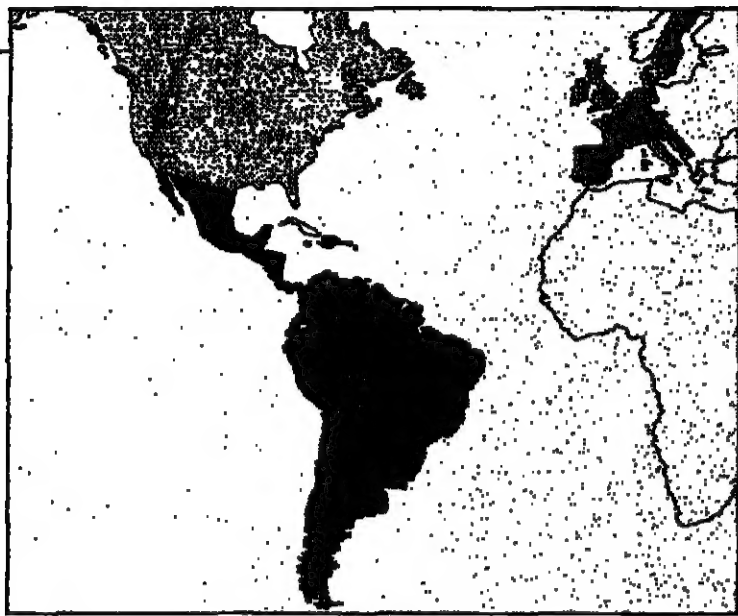
But, let me assure you, there is no need to stay clear of the water.

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Herald Tribune

## One Man's Crusade for Practical EC Unity

By Joseph Fitchett

BRUSSELS — Lord Cockfield, the European commissioner in charge of denationalizing trade barriers inside the Common Market, is an impatient man. Why, he notes that agreement was reached this year on allowing pharmacists to work freely throughout Europe "after only 16 years, whereas the previous group, architects, took 18 years—so we're making progress."

Although his face was its usual deadpan, his tone showed his scorn for such slow movement.

But Lord Cockfield is above all a practical man, one who rose to head Britain's largest drugstore chain, Boots the Chemist, was awarded a life peerage in 1978, and held two cabinet posts before joining the European Commission, the permanent secretariat of the Common Market, as vice president in 1983.

As a pragmatist, he realizes that his crusade has made him enemies among his former fellow cabinet ministers, who feel he is pushing European commercial unity too fast. Opposition, however, is no stranger to the 70-year-old Lord Cockfield (pronounced Cofield), a self-made man who has surprised his colleagues in Brussels with his political toughness.

He preaches that European business can survive only in a Europe-wide market of free competition. "We simply can't go on like this," he said in a recent interview. "We are losing ground in output, technology and employment. We are 10 separate economies."

Trying to jolt bureaucrats into visualizing a leap forward, Lord Cockfield often recounts an anecdote about Friedrich von Hayek, the Vienna-born economist who won a Nobel Prize in Economics in



Lord Cockfield

1974 for his crusade in favor of unfettered free markets.

Lord Cockfield, who studied under him at the London School of Economics, recalls Professor von Hayek's "astonishment" in 1944 at seeing his best-selling book "The Road to Serfdom" being in such

more money than he had ever earned as a professor. "There it was, you see, the difference between an academic theory about the advantages of a big market and the actual results, the money in his pocket."

In trying to merge the 10 members of the European Community into a single big market, Lord Cockfield counts as a major accomplishment his work in simplifying standards for new products so that they can be sold freely throughout the Common Market.

Until last May, the Common Market set norms by getting all member governments to agree on a detailed, ideal set of specifications

for every new product to be sold throughout Europe. For a car's rearview mirror, for example, the standard could run to more than 100 pages of technical data and sketches.

"By the time we got the norm, the product might not even exist any more — a rearview mirror might be made obsolete by cheap backward-looking television systems," explained a Cockfield aide. But without a standard, companies risked being unable to export their products and therefore hesitated to invest in Europe-wide production facilities.

Lord Cockfield stood the traditional European method on its head by introducing what he calls "a framework approach."

Instead of trying to describe what an article must look like to meet the European norm, the Common Market now sets out a simple list of "essential requirements," mainly safety standards. And the new approach applies to categories of products, not individual items.

The first beneficiary is "pressure vessels," a category running from home pressure-cookers to giant industrial boilers. The old standard was voluminous; the new standard is under 10 pages. The whole process has taken only a few months since the framework approach was adopted last May by the member governments.

To perfectionists who worry that the quality of European goods may be threatened, Lord Cockfield emphasizes his main aim: performance. "Remember what we're looking for, freedom of movement, that's the goal," he says repeatedly.

Businessmen appreciate his approach, pointing out that overly stringent standards penalized Europe's most responsible manufacturers. Fly-by-night companies, mainly non-European, could flout

standards with pirate goods long enough to make a quick profit, then simply disappear.

Enthusiasm for some of his other proposed reforms is not so warm. For example, on the free movement for professionals, an aide says that "only the medical profession has been cooperative about letting practitioners move freely. In other specialties the vested interests, the corporatist reflex, is still strong."

The most widespread opposition to Lord Cockfield's plan comes from Britain.

Only 27 percent of the British people support his plan to abolish frontier formalities, the lowest level in any Common Market country, according to the latest issue of Euro-Barometre, an EC Commission poll of European public opinion.

Lord Cockfield thinks his British critics are "blind to the country's long-term interests." There is a statue in Cape Town of Britain's empire-builder Cecil Rhodes, pointing to the African hinterland, and under his feet are the words: "There is your future," he says. "Britain should have a similar statue of Margaret Thatcher pointing to Europe."

He is also critical of what he calls the "pick and choose" attitudes of many governments. Britain concentrates on free competition in services, where British bankers and insurers, accountants and consultants are strong. West Germany, with its industrial power, stresses unhindered circulation of manufactured goods and has reservations about competition in services.

"All these partial attitudes combine to threaten the whole package," Lord Cockfield warns. "The Commission believes that the Community today should be capable of showing the same political will which inspired it."

## Chaos in Standards Stymies EC Progress

(Continued from Page 1)

market life. Today, the research and development would cost \$300 million to \$1 billion because of the microchips and software involved, and the market life would be halved.

To recap, that investment, a company needs sales of \$10 billion to \$15 billion in 10 years. All 28 countries of Western Europe bought \$69.5 billion worth of phone exchange equipment last year, but there are 10 major European companies developing advanced digital-switching equipment and competing to sell it. Controlling a tenth of the market for each of these companies would not come close to being profitable.

"Each company hopes the others will go bust first," an industry analyst said. "Meanwhile they're all losing money."

Industrialists agree with this analysis. "A leading-edge manufacturer has to have a Europe-wide market to cover his investment and provide a springboard to world markets before Japanese or U.S. competition swamps the smaller European firm," said Robb Wilmot, head of ICL, Britain's biggest computer-maker.

Dr. Dekker added: "In the past, Philips and other European electronics companies' competitors were each other. Now we are being met in our European markets by large and small U.S. and Pacific firms, and we suffer from a failure to grasp global markets."

Lobbying by European big business has emboldened the EC Commission to attack inter-European barriers. A program drafted by Lord Cockfield, the European commissioner responsible for the internal market, lists 300 reforms to achieve an integrated European economy by 1992. With 10 members, the Common Market would emerge as the world's biggest affluent market, with 320 million inhabitants, significantly larger than the United States, with 250 million people, and three times bigger than Japan.

The EC plan, announced last May, is scheduled for adoption by Common Market governments at a summit meeting next June. It will be at the center of discussions Monday in Luxembourg at an EC summit session described as a crucial meeting to regain the momentum of the early years of the Common Market.

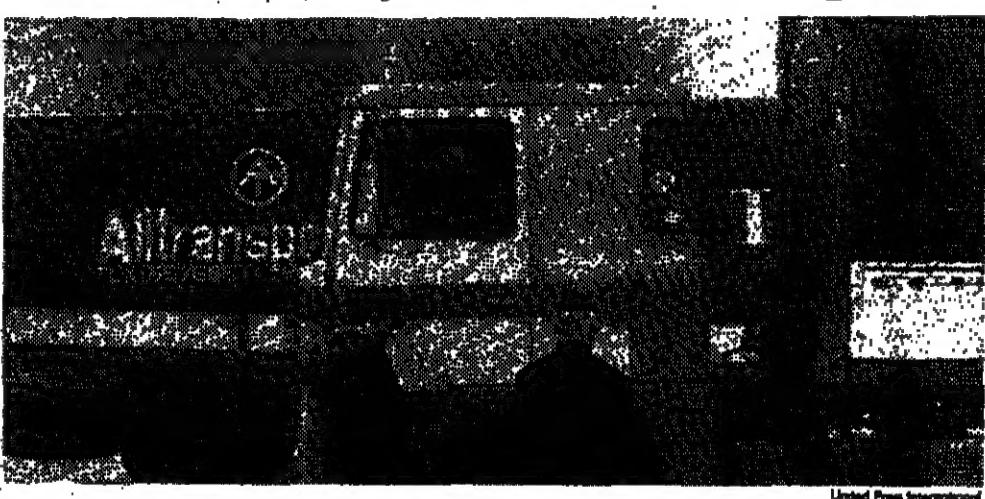
Already a handful of Lord Cockfield's reforms have been adopted. But governments appear increasingly hesitant about sweeping away the frontier formalities, tax barriers, nationalistic government purchasing policies and other forms of disguised protectionism that have tailored European markets to domestic industries.

The conflicting norms for television sets are a prime example of the disguised protectionism and commercial divisions that cost consumers money every day.

National standards originally were intended to protect consumers, but throughout Western Europe today they often function to handicap foreign competitors, said an aide to Lord Cockfield.

Some norms seem almost whimsical. Only Britain, for example, requires television sets to be backed with netting so that a metal medal cannot swing through a ventilation hole and electrocute the wearer. France requires yellow headlights on cars while other EC countries require clear headlights.

Many other norms are blatantly commercial: Italy is notorious for frequently changing its technical rules to give national manufacturers an edge. West Germany still applies medieval laws specifying the content of beer — a heritage that conveniently serves to prevent foreign brewers from exporting to West Germany, Europe's largest market for beer.



Truck drivers can be required to carry up to 27 documents to go from one European Community country to another. The paperwork and delays cost about \$50 billion a year.

Incompatible technologies are another costly problem. Europe is divided between two basic television broadcasting systems, France's SECAM and West Germany's PAL. For Thomson, "The incompatibility between PAL and SECAM systems means that every model, from the cheapest to the most sophisticated, has to be built in two versions instead of one," Mr. Huek explained.

Some of the extra cost can be passed along to the consumer as higher prices but companies absorb costs too. As Mr. Huek pointed out, "Our engineers, instead of working out different models for each small national market, could spend that time trying to invent products."

Problems are not limited to technical or mechanical regulations. Border formalities require a truck driver to carry 27 documents to pass from one Common Market member, West Germany, to another, Italy. Different rates for national sales taxes add to the bureaucratic load. The extra cost of goods having to pass borders — the paperwork and delays — in the Common Market amounts to \$50 billion a year, according to an estimate published by the European Parliament.

This represents 2 percent of the combined gross national products of the member nations: Belgium, Britain, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands and West Germany, with Spain and Portugal due to join on Jan. 1. In other words, the average Common Market citizen works a week a year just to meet these extra costs.

Besides cutting into purchasing power, the diffusion of this market is cited as a major factor in the widening gap by which Western Europe trails the United States and Japan in high-technology trade.

"If there be, it is not because of scientific shortcomings but because of the fragmentation of Europe's research and development resources and of its market," said Sir Ronald Mason, former scientific adviser to Britain's Defense Ministry.

Europe's ambitious attempt to revive its computer, laser and other high-tech industries, the plan called Eureka, requires multinational cooperation to help overcome national industrial rivalries.

"The Common Market has in effect functioned simply as a customs union," said Michel Petit, an aide to Lord Cockfield. "Most of the work remains to be done on commercial unification." The Cockfield reform plan proposes action — with target dates — in three main areas.

The first is to prevent delays at border crossings, initially by mov-

ing customs posts away from frontiers to centralized offices where reduced customs formalities could be completed. The EC Commission advocates the elimination of frontiers in 1992.

"No other single measure could have more immediate commercial and political impact in strengthening Europeans' advantages in living in a common market," Lord Cockfield contended.

A second category of changes aims to eliminate "technical barriers," or obstacles to free competition in the Common Market. Nowhere is the lack of European commercial unity more evident and more damaging than in the member governments' purchasing practices.

Every year the 10 governments purchase major equipment worth about \$400 billion. If these sales were open to competitive bids from any European company, they would create a single market and a powerful industrial incentive worth roughly 15 percent of the Common Market's total gross national product.

Now, however, each member government spends 96 percent to 100 percent of its purchase funds on its domestic companies. Governments generally refuse to buy capital goods, especially such expensive items as telephone-network equipment or weapons from a company in another EC country even if its products are better and cheaper.

To improve competition on government purchases, the Commission proposes that member governments start by taking a second, fellow European supplier on major contracts — 20 percent of telecommunications purchases, for example. Governments would then gradually move to open procurement to European industry started to reorganize — by mergers and specialization — on a Europe-wide scale.

Unified standards would facilitate this process, as they would the free movement of professional people — from accountants to consultants, from bankers to insurance brokers — between countries. So the EC Commission is urging member countries to agree on streamlined standards and automatic free trade unless a government can validly object to another member government's standards on a product or profession.

"You cannot abolish standards, because without them companies and consumers have no confidence that a product has the form which it will keep for the future," said an official of the Geneva-based International Standards Organization. This agency comprises 89 national organizations, with more than 20,000 experts taking part in its technical meetings each year.

But, added an EC official, "We

have to realize that we cannot keep up with the flow of inventions by trying to agree on detailed definitions. We have to go the other way, toward minimalist standards."

Another technical barrier has stood in the way of mergers. To promote them, the Commission is proposing a new legal basis for a business, which it calls a European Economic Interest Grouping.

There is no statute now for a "European" company. A company designed to operate in Italy and West Germany, for example, would have to function under Italian or West German law. Based on a French loophole used for the multinational consortium building the Airbus plane, this proposed European statute is designed to encourage medium-sized firms in different Common Market countries to form joint ventures without falling under the legal system of any one country.

"The idea is that they can then become big enough to export inside Europe and eventually beyond its borders," Lord Cockfield explained.

The third broad category of reforms, which is arousing the stiffest initial resistance, concerns what the Commission calls the "harmonization" of indirect tax rates among Common Market countries.

All Common Market governments levy indirect taxes on almost all goods and services, but the rates vary widely. Value-added taxes, or VAT, usually range from 14 percent to 19 percent although the real differences can range from no VAT on a particular item in one country to 19 percent on the same item in another. And excise taxes are even more divergent: The duty on spirits is 60 times higher in Denmark than in Greece.

Although these varying tax rates distort commercial life, "Finance ministries are reluctant to give up the value-added tax as a source of revenue, and in government revenue," said a British diplomat in Brussels. "For public opinion, the Treasury in my country will say they are defending Britain's right to have no VAT on, say, food and on orthopedic devices."

In the face of this intransigence, what are the chances that a truly common market will become a reality by the European Commission's target date of 1992?

"Progress will be slower than its advocates want, but faster than anyone would have thought possible two years ago," said a Commission official. He privately predicted 2001 as the completion date.

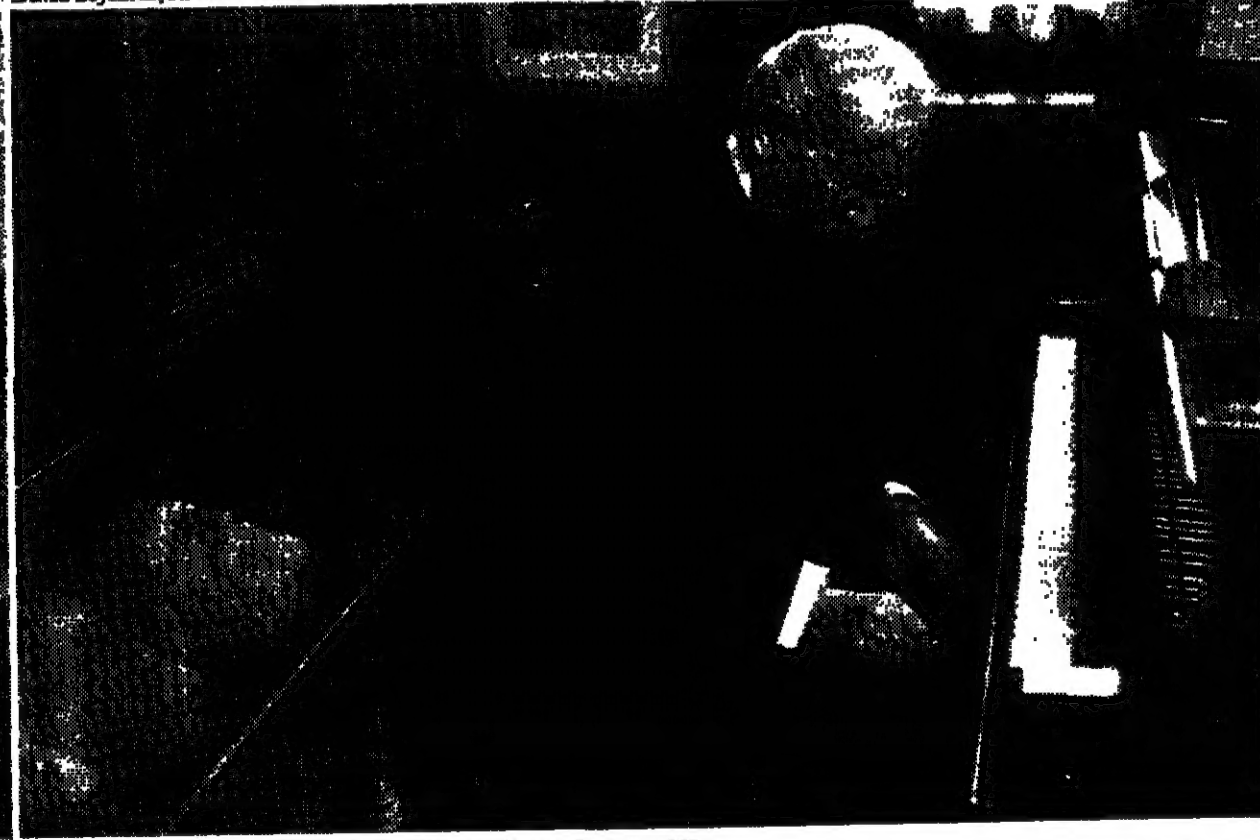
But optimists say that, as the initial reforms produce results, the process will gain momentum, enabling Europe to surprise skeptics in five years.

(Next: Telecommunications, Europe's best hope.)



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## Overt Covert Meddling

Spies and secret agents are "covert." Presidents are not. That banal distinction is necessary now that President Reagan openly proposes yet another "secret" but undeniable American intervention, this time in Africa.

When asked the other day why Secretary of State George Shultz opposed aiding rebels in Angola, Mr. Reagan replied, "I'm glad you asked me that. He isn't." We all believe that a covert operation would be more useful to us and have more chance of success right now than the overt proposal that has been made in the Congress. What Mr. Reagan meant was that the administration opposed open intervention against the Marxist regime as counterproductive to its diplomacy; it seems to have concluded—and wisely so—that this would only cast the United States as the ally of South Africa's effort to exploit the Angola war to perpetuate its illegal occupation of Namibia.

Mr. Reagan also implies a recognition that no amount of U.S. aid to the Angolan rebels could outweigh the aid the Soviet Union and Cuba can give for the defense of the regime.

But the president seems to want things both ways. Now that Congress has repealed the decade-old Clark amendment barring covert operations in Angola, he thinks he can negotiate with Angola's government on one level while furiously aiding Jonas Savimbi's UNITA insurgents on another. Calling such aid "covert" may temporarily avert a full-scale congressional debate. But what can be covert—"concealed, secret, disguised"—about a policy proclaimed by the commander in chief?

The advantage in moving covertly is that a government can sometimes pretend it is not doing what it is doing. The technique is much favored by the Soviet Union, which aids revolutionaries while maintaining formally correct relations with the governments it seeks to overthrow. This is a technique that is much envied by some Americans and has been emulated with often disastrous results.

As France has rediscovered in New Zealand, open societies cannot long sustain a controversial or sizable covert operation. That America aids the rebels in Afghanistan has become common knowledge; calling the aid "covert" can no longer help Pakistan's denial of complicity in the arms flow. And not even an ally's sensitivity can be claimed for the CIA's widely discussed "covert" aid to the "contra" army attacking Nicaragua. In the case of Angola, the untenable now becomes ludicrous. Having advertised his intentions, Mr. Reagan cannot deny involvement.

The laudable objective of getting 30,000 Cuban troops out of Angola requires making the Luanda regime more secure, not less so. Occupying Namibia and attacking Angola to "save" both from Marxism is South Africa's ally in the defense of apartheid. A president should be able to see through that overt play. And though he may envy the Kremlin's most deceitful successes, he should be able to calculate the cost of imitating them—at the expense of America's freedoms and reputation.

—THE NEW YORK TIMES

## Hope for Unionists, Too

The British and Irish parliaments have now ratified their governments' pact on Ulster. The agreement, signed on Nov. 15 by Prime Minister Margaret Thatcher and Garret FitzGerald, sets up an intergovernmental commission to work toward resolution of political, legal and security problems in Northern Ireland. The commission has no governing power, and the province will remain a part of Britain, but the new body will serve as a forum for discussing and, it is hoped, easing the conflicts that have led to so much bloodshed in recent years.

In Dublin almost a third of the Dail voted against approval, with FitzGerald's opponents arguing that the pact did not go far enough in advancing Irish unity. But in London the agreement was approved on a 10-to-1 vote, with only a handful of Conservatives joining the unionist members from Northern Ireland in opposition. The unionists, led by the Reverend Ian Paisley, have now resigned from Parliament in order to force a series of by-elections early next year. They mean those

elections to serve as a kind of referendum on the treaty, giving their constituents an opportunity to demonstrate the "universal, cold fury" with which they view the agreement.

This political step by the unionists was to be expected. So was the large street demonstration in Belfast on Nov. 23. In a situation so emotionally charged, these peaceful responses deserve respect. Mr. Paisley, who a few weeks ago was speaking of weapons, arsenals and fights to the death, assured his parliamentary colleagues that "There is going to be no rioting in the streets... no civil commotion. We are going to use democratic practices."

Surely the people of Ulster, both Protestant and Catholic, must be fed up with violence. The negotiators who devised the intergovernmental forum offer an alternative. It is not a solution, but it is a first step. If the members of the commission can proceed in an atmosphere free of violence, although not of opposition, then there may be hope for peace in Ulster.

—THE WASHINGTON POST

## A South African Scandal

People arrested for political reasons are often more likely to be mistreated by their jailers than are ordinary criminals. While police in many countries may harass, threaten or strike a prisoner to obtain a confession, to say, murder or robbery, a political prisoner frequently provokes a stronger reaction. Perhaps it is because he represents a threat to the establishment that the police uphold, or because he comes from a despised class or advocates controversial ideas. Such a prisoner is often the target of humiliating abuse, emotionally charged assault and even torture.

South Africa now verges on revolution, and violence is an everyday occurrence. Since January more than 7,500 persons have been arrested, most of them under the provisions of new emergency security regulations. In addition, the police have been given blanket immunity in this crisis, saving them from prosecution or civil suit on account of any act committed while carrying out their duties. It is in this framework that charges of abuse of prisoners have begun to mount. The latest report appears in a memorandum published

by the Lawyers' Committee for Civil Rights Under Law, an American organization working to provide legal assistance to the detainees. The lawyers' report charges that police brutality is occurring on a "massive scale," with prisoners being hooded and beaten, given electric shocks and subjected to death threats. Specific examples of more ingenious tortures are described in affidavits, and the first-person accounts of a black minister, pharmacist, labor organizer and others are reproduced.

This police misconduct is not openly tolerated by all white South Africans. One young physician, Dr. Wendy Orr, who works in the prisons of the Port Elizabeth district, filed suit with 43 churchmen and relatives of detainees and won a temporary restraining order against the police. The judge also ruled that police immunity did not extend to wanton assaults on those in custody. According to the lawyers' committee, however, routine abuse of prisoners continues outside the Port Elizabeth area. By these practices, South Africa deepens its isolation and its shame.

—THE WASHINGTON POST

## Other Opinion

### A Brutal Message From Libya?

It was the most brutal hijack on record. The EgyptAir hijackers shot five passengers without making any political demands.

Arab sources close to fringe groups in the Palestinian resistance movement believe that the operation was intended [in particular] as an answer to those Israeli and American officials who believe that the Palestinians can be defeated by hitting them hard. The message to Israel and the United States was: "You have

not won and cannot win the battle against terrorism. We are still here." Arab sources say that to keep the initiative in the international war of terror and counterterrorism is a major priority of the extremist Palestinian factions.

The ruthless style of the attack has led many observers to believe that Abu Nidal was behind it. He is known to have had good relations with Libya. [Egypt] has blamed Abu Nidal and Libya for the hijacking, but the evidence remains circumstantial.

—Patrick Seale in The Observer (London).

## FROM OUR DEC. 2 PAGES, 75 AND 50 YEARS AGO

### 1910: \$5 Fines for 'Smoke Nuisance'

NEW YORK — Popular demand, voiced in the Herald, that the Police intervene in the fight against smoking automobiles in New York was answered recently when orders were issued to abate the nuisance. Forty-two offenders were arrested or summoned to [various city courts]. In fixing 14 delinquents \$5 each, one magistrate said, "You policemen are beginning to do good work, but it took the press to stir you. The smoke nuisance must cease." He added that if the fine did not prove adequate he would increase it to \$10. If this did not have the proper effect he would send the drivers to prison. It having been intimated by some that the injury to health by the smoke from automobiles had been exaggerated, opinions of physicians were obtained. These agree that the effects of the smoke are painful.

### 1935: A Palestine for Arabs and Jews

PARIS — All is not well between the Jews and the Arabs in Palestine. It is no reflection on the able administration of Sir Arthur Wauchope, according to Beatrice Steuart Erskine [in her book "Palestine and the Arabs"], but the tension exists in fact, it has never ceased to exist from the day when the Arabs, liberated from the Turks, saw a new aggressor in Zionism. While Jews, whether Zionists or not, will want to read this book, possibly to disagree with parts of it, others will find it illuminating as regards the evolution of "the cradle of Christianity" since the war. The high point is a plan, not original with the author, to make Palestine safe for Arab and Jew. This plan suggests two separate cantons, one for Arabs and the other for Jews, which would become states with membership in the League of Nations.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 47.47.12.65. Telex: 612718 (Herald), Cables Herald Paris. ISSN: 0294-9052.

Directeur de la publication: Walter H. Thayer.

Managing Dir. Asia: Malcolm Glen, 24-34 Hengseng Rd., Hong Kong. Tel. 5255618. Telex: 61170.  
Managing Dir. U.K.: Roger Macdonald, 63 Long Ave., London WC2. Tel. 836-4902. Telex: 262009.  
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S.A. capital of 2,500,000 F. RCS Nanterre B 124021126. Commission Paritaire No. 61327.  
U.S. subscription: \$322 yearly. Second-class postage paid at Long Island City, N.Y. 11101.  
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## Pakistan's 'Islamic Bomb' Is Almost Here

By Harold Freeman

CAMBRIDGE, Massachusetts — We focus on the two great powers, each with 25,000 nuclear warheads. We overlook Pakistan, nuclear leader of the Islamic world. Pakistan moves steadily toward the bomb—modern scientists in charge, modern equipment in place.

Where there is an instrument of terror there will be terrorists. The latter are already commonplace in South Asia, and the Pakistan bomb will trickle down to them; bribery, theft, extortion, military coups and sympathy can be counted on to enlarge the turf of the coming bomb.

Iran is currently training between 1,500 and 2,000 men, all under the age of 30, to carry out suicide missions in foreign countries. The potential role of small nuclear bombs in such terrorist attacks needs no exposition here.

If a South Asian nuclear war were initiated by Pakistan or by a nuclear enemy (Israel or India), both initiator and defender would likely be annihilated. Western logic finds deterring such a prospect: No nation commits suicide, so neither side will initiate nuclear war. Western logic may be misplaced here. Self-destruction in behalf of faith is a familiar fact in Islamic history.

"There is a Hindu bomb, a Jewish bomb and a Christian bomb," said Zulfikar Ali Bhutto, the late former prime minister of Pakistan. "There must be an Islamic bomb." To Pakistan, a Moslem nation, Islam is the ultimate enemy.

The coming Pakistan nuclear bomb will very likely be the Islamic bomb; a nuclear confrontation could likely be Moslem vs. Jew.

Islamic oil money financed the bomb, although the funds are never visible in Pakistan budgets. Saudi Arabia has poured hundreds of millions of dollars into Pakistani military projects. The completed bomb is likely to be shared by those who paid for it—how, we do not know.

In 1979 President Carter, aware of Pakistan's nuclear activity, cut off economic and military aid—about \$85 million over two years. But the Soviet invasion of Afghanistan renewed U.S. interest in friendship with Pakistan. Mr. Carter's new 1980 offer of aid, sharply increased to \$400 million, was declined by President Mohammed Zia-ul-Haq. One year later General Zia got a much better deal from President Reagan, a "loan" of \$3.2 billion, evenly divided between economic and military credit, from 1982 to 1987.

The loan can be withdrawn if Pakistan detonates a nuclear bomb. The CIA believes that Pakistan will hold off until the American agreement runs out in 1987. A conjecture: Pakistan's

friend, the People's Republic of China, might detonate the first Pakistan bomb before then.

Pakistan's entry into the nuclear age was modest. In 1965 Mr. Bhutto contracted with Canadian General Electric for a nuclear reactor and nuclear fuel to provide electric power to metropolitan Karachi, population 5 million. The project, known as Kanupp, was financed by a Canadian loan of \$47 million. To ensure peaceful use, Pakistan agreed to permit the International Atomic Energy Agency to monitor the reactor and fuel; the reactor came on line in 1972.

Then Pakistan contracted with the French company Saint-Gobain to build a large reprocessing facility, known as the Chashma plant, capable of extracting plutonium from spent uranium fuel. Construction began in 1977; cost was

**There is no overestimating the power of money in the nuclear bomb business.**

estimated at \$60 billion. The plant was hardly needed for power. Pakistan had then and has now no commercial reactors that use plutonium for fuel. Moreover, spent uranium fuel at Kanupp was both small in amount and under IAEA safeguard. Why a large reprocessing plant? Pakistan was looking ahead to the bomb.

Alarmed, Washington tried, via an offer of conventional arms, to abort construction at Chashma and avert a possible South Asian nuclear arms race. The offer was declined. So in 1977 Washington cut off all economic and military aid to Pakistan. France was soon to feel American pressure to get out of Chashma. In 1978 the French contractor withdrew; U.S. aid to Pakistan was promptly restored.

But France left blueprints behind. Relieved by the French withdrawal of any need to submit to IAEA safeguards, Pakistan set out to finish the plant themselves. And they will. If sufficient spent fuel can be found to permit the reprocessing plant to operate near the level planned by the French, Pakistan should be able to produce 150 kilograms of plutonium per year—enough for an annual output of 16 Nagasaki-size bombs.

In late 1975 Canada stopped shipments of

natural uranium fuel to Kanupp, having decided that Pakistan's nuclear program had other than peaceful purposes. No matter: Pakistan found another source. From 1978 to 1980 Libya bought between 250 and 450 tons of uranium ore from Niger; most was transhipped to Pakistan. Pakistan bought 60 to 100 tons directly from Niger. By the early 1980s it was making more natural uranium than Kanupp electric power needed.

While construction of the Chashma reprocessing plant was in progress, another road to the bomb opened—high-level enrichment of mined uranium. Pakistan had no power reactor that used highly enriched uranium for fuel, nor were any such reactors then in the offing. But highly enriched uranium qualifies admirably as the explosive ingredient of a nuclear bomb.

The road to enrichment was arduous. For three years, one Abdul Qader Khan, variously described as a quiet, likable, a family man and a dangerous secret volleyball player, was employed by a subcontractor of a uranium enrichment plant in the Netherlands. This operation was owned jointly by Britain, West Germany and the Netherlands. In 1975 Mr. Khan left the company with more than handshakes; he took with him a complete set of enrichment plans along with an invaluable, detailed shopping list for components. (In 1983, now described as "the spy of the century," Mr. Khan was convicted in Amsterdam on a charge of smuggling.)

Mr. Khan later turned up as the man in charge of Pakistan's fledgling enrichment plant at Kahuta. Progress accelerated. Major purchases were made in Switzerland, West Germany, Britain—and the Netherlands, scene of Mr. Khan's thefts.

There is no overestimating the power of money in the nuclear bomb business. A few illegal shipments were intercepted—high-frequency inverters from Canada and one critical lot of bomb triggers from the United States. The latter incident ended with Washington paying the Pakistani agent's fare home. Via another agent, Pakistan got the needed American bomb triggers.

To complete the picture, all Pakistan needs is a large-scale nuclear reactor. This could provide electric power for the back country—and yield an adequate supply of spent fuel that, via reprocessing, could power nuclear warheads. Pakistan has decided to obtain exactly such a reactor.

The writer is professor emeritus of economics at the Massachusetts Institute of Technology. He contributed this column to the Los Angeles Times.

## The View From Pasternak's Grave Has Improved

By Harrison E. Salisbury

MOSCOW — On a quiet Sunday

morning, the snow lies pure and white on the roof of the Writers Union building where Pasternak's grave lies. The weathered wooden villa where he spent so much of his life. It was here in this writers' village of Peredelkino that, in the Stalin years, Mr. Pasternak wrote "Dr. Zhivago," dropping the manuscript sheet by sheet into his desk drawer, knowing that the pages could never pass censorship.

On this Sunday morning an American visitor is talking with a dozen people standing around Mr. Pasternak's grave under leaden skies. On the grave lie fresh-cut pine boughs. The men and women are talking about Mr. Pasternak's house, which stands vacant and forlorn.

Some 13 months ago the police came and ordered Mr. Pasternak's son and relatives out on 48 hours' notice. The family hastily packed the author's papers and memorabilia.

## East Europe's Dissidents Like Détente

By Lucy Komisar

NEW YORK — In this period of

post-summit cordiality, many people are waiting anxiously to see if the civil wars uttered at Geneva were aimed at winning public relations points or will lead to a real détente. Among those with the greatest stake in such a development are the dissidents of Eastern Europe. Although their plight is often cited to justify hard-line American policies toward Moscow, they are virtually unanimous in believing that the route to greater freedom lies in détente.

For Eastern Europe, détente began with the signing of the Helsinki accords in August 1975—although the fruits of the accords have not been felt evenly in all six countries. Most Hungarians and Poles have moved to the West or emigrated, but citizens of other countries have had times getting visas. Czechoslovaks can travel only when a family member is left behind, and East Germans and Romanians rarely leave except when a sponsor country "buys" them out—West Germany with cash for East Germans, and the United States with exit-favored status, which wins exit visas for Romanian Jews.

The most significant impact was in Poland and Hungary. The travel promoted by détente was one of the causes of the Solidarity movement. A group of sociologists who studied 10,000 Solidarity activists at all levels found that about 70 percent had spent at least a year in the West, mainly in Sweden or West Germany.

Beyond this, throughout the late 1970s Poland needed a good human rights record to support its borrowing from the West. As a result, opposition intellectuals were harassed but not arrested, and the underground grew steadily stronger.

East European governments like détente because it means economic cooperation. They need Western technology and markets where they can earn hard currency. Since 1975 Hungary has developed several hundred joint ventures with Austria, West Germany and Italy.

But this, too, has political consequences. As Hungary is drawn deeper into the Western economic orbit, it finds it necessary to decentralize economic management and allow managers to be elected by workers. Thus, as the dissident author György Konrad explains, "The reform of state socialism leads to a kind of pluralism in every dimension of society. It is not possible to make a feasible, efficient economic reform with people who are afraid of the central power."

Even in East Germany and Czechoslovakia, both more repressive than Poland and Hungary, Helsinki has had an impact.

In East Germany the change has meant more openness to cultural exchange and religious freedom. The East German writer Lutz Rathenow cannot get a visa to see his French publisher, but France has opened a

new house stands empty, a sad monument to the philosophy of Writers Union bureaucrats who had planned to move in "a living Soviet Pasternak." As one explained, "After all, Pasternak was not a Soviet author." That he was a Nobel Prize winner mattered not a whit.

The consensus of the little group is that chances are good that Mr. Pasternak's things will be moved back soon and that the house will become a literary museum. Why? Because of the summit meeting, they explained. The summit is changing many things.

Why should a meeting in Geneva between President Ronald Reagan and General Secretary Mikhail Gorbachev affect the literary policies of Peredelkino? Soviet citizens say Mr. Gorbachev's perceived success in strengthening his hand internally. They think it will enable him to cope

with the die-hard bureaucrats of the brutal type who decreed exorcism of the Pasternak house.

The reaction in Peredelkino is not isolated. For nearly a decade, a young couple, talented but frustrated by cast-iron artistic conventions, has debated a visit to the West to seek creative refreshment in Paris, London, New York. They held up their application, fearful that it would only aggravate their political situation. Now they are hurriedly preparing to put in for the trip. They think the chances are good. They do not know how long the window to the West may remain open—or if, indeed, it actually is open—but they are willing to take a chance.

A senior adviser to the Soviet government can hardly restrain his delight. For many years he has been an advocate of better relations with cultural center in East Berlin and there are plans to open an Italian one. Gunter Krusche, regional bishop for East Berlin, says that Lutheran church officials now get visas to attend church meetings in the West. And in 1983 some 220,000 people took part in church commemorations of the anniversary of Martin Luther—which "would not be possible before the Helsinki final agreement."

In Czechoslovakia the Charter 77 spokesman, Jiri Dienstbier, said of his country's leaders' dealings with the West: "The more they have contacts and are forced to behave according to their signatures on the treaties, the better for us and everybody. These contacts saved a lot of people from prison."

Few dissidents in Eastern Europe

are satisfied with détente. They think it should go further and the peace process should include something for them. They do not like the way the West accepts their status as Soviet satellites—many criticize the Western peace movements for that; and many speak of reversing the "sewers of Europe. In particular, many want détente to lead to the withdrawal of foreign troops from all of Europe.

There are some, especially in Poland, who hold that détente is useless and that the Russians understand only force. But they are a minority. Most of the dissidents I met think that their goals must be achieved slowly—through negotiated political, economic and social contacts.

The writer is a free-lance journalist who recently spent two months in Eastern Europe. She contributed this column to The New York Times.

Another said, "Now, I hope, something can be achieved internally." He noted that the cleanup of government scandals had much further to go: "A lot was done by Andropov, but much more remains to be done."

One sign of the changing times: Nikita Khrushchev is no longer an imperson. Party histories have again begun to identify him by name. In the 21 years since he lost his office to Leonid Brezhnev, he has been referred to only as "the general secretary of the Communist Party." Now, some say, the cemetery where he is buried may again be opened to visitors. It has been off limits for seven years because so many people were putting fresh flowers on the grave.

The late Anastas Mikoyan, one of Mr. Khrushchev's closest associates, has been restored to his historical role. Pravda and Izvestia published long articles for his 90th birthday.

The Reagan-Gorbachev talks may not swiftly resolve the arms race, but they have started to bring light to dark corners of the Soviet Union.

The writer, a former New York Times correspondent in Moscow, has just concluded a visit to the Soviet Union. He contributed this column to The New York Times.

## A Hardship Post for Us Guinea Pigs

By Carolyn M. Benson

NEW YORK — A team of medical

investigators recently checked doorknobs and dusted diplomats' clothing in the U.S. Embassy in Moscow, searching for traces of a chemical dust used as a tracing agent by the Russians. Disclosure of the "Moscow spy dust" scheme caused a minor uproar a few months ago, but one question seems never to have been adequately answered: Why did the State Department, which knew of the dusting practice for nine years, not inform its employees about this potentially dangerous chemical?

The question is more disturbing in light of similar behavior by the department in 1976, when it disclosed that microwave radiation had been beamed at the embassy for 18 years. In neither case did it choose to inform employees until disclosure also served diplomatic or public relations purposes.

Several generations of embassy employees and their families have been subjected to continuous low levels of microwave radiation, and to occasional exposure to a substance that any chemist would suspect of being a health hazard.

My family, now on its second tour of duty in Moscow, has spent a total of six years exposed to two substances that studies have shown can cause genetic defects and other disorders, including shifts in white blood cell levels, decreased fertility, irritability, partial memory loss and other unpleasantities. Many other diplomats and their families have been similarly exposed.

The State Department said in August that the dust, known as nitrophenylpentadienyl, or NPPD, had been used to track the movements of embassy personnel since 1976. NPPD, a compound with nitrobenzene at its core, can cause changes in the body's genetic code.

The Arthur H. Thomas Company's "Table of Dangerous Materials," on a scale of one to four, rates nitrobenzene as "three"—"severe danger: short exposure could cause serious temporary or residual injury even if given prompt medical attention." This table is posted in American hospitals and labs. What was the State Department doing for nine years? If its spokesmen are to be believed, it was researching; in a leisurely way, the dust's effects.

**It seems that concern for the health of the embassy staff was not a primary factor.**

The State Department has told employees that they were exposed to only "minute quantities" of the dust and that its use was mostly "casual and infrequent." But it neglected to state that it did not define a "minute quantity" as how frequently measurements were taken. It is studying the latest dust samples.

It may be impossible to assess the effects of long-term, low-level radiation exposure to NPPD. Chemicals that alter genes do not always cause cancer, but the relationship is still not fully understood. The point

is that staff at the Moscow embassy should not have been guinea pigs in a study that, only years later, might clarify these questions.

What finally led the State Department to reveal the use of spy dust? The initial explanation was that the Soviet Union had stepped up its use. It seems equally possible that the Reagan administration was playing a public relations trump card before the summit meeting. Many embassy employees believe that the department was trying to save face by making an official announcement before the story was leaked to the media.

Sadly, it seems that concern for the health of the embassy staff was not a primary motivating factor, just as it was not when department officials revealed the microwave bombardment. If it was, why did they wait so long to run simple tests? Why did they wait for evidence that use of the dust had been increased? The fact is that there are no excuses for endangering the health of unwitting American personnel over a period of many years.

The embassy in Moscow is considered a "hardship post," and embassy personnel soon grow used to various forms of surveillance. But this second example of State Department negligence would seem to show that some of the hardship is directed by Washington.

The writer, daughter of Raymond E. Benson, counselor for press and cultural affairs at the U.S. Embassy in Moscow, contributed this column to The New York Times. The family lived at the embassy from 1975 to 1979 and has again been there since August 1983.

## A Book List Of Straws In the Wind

By James Reston

WASHINGTON — Sometimes you can tell how the winds are blowing by watching the book notes. President Reagan chose his official biographer the other day. Vice President George Bush and Representative Jack Kemp, among others, have published their stories and political ideas well in time for the next presidential election. So it is clear that we have already come to a fork in the road between the past and the future.

Mr. Reagan still has three more years to go, but he is beginning to think about his place in history; what he has done and what he will leave behind. And the leaders of both major political parties are wondering what to do after he has gone.

The Democrats met in Florida the other day at Disney World, of all places, to try to puzzle this out, and came away in dizzy confusion about whether or not to attack Mr. Reagan in the congressional elections of 1986 for control of the Senate, and about how to plan for the presidential election of 1988. They could not get their history straight. And no wonder.

Who will write the history of the Reagan era, with all its tests and turns on domestic and foreign policy, its triumphs and disasters of economic and social policy? Unlike his predecessors in the White House in this century, Mr. Reagan has at least chosen a serious historian in Edmund Morris, the author of "The Rise of Theodore Roosevelt," and has promised to give him access to the records of the last five years, permit him to attend cabinet meetings in the next three years and answer his questions.

In his first four years President Reagan did not produce a counter-revolution against the welfare state, but merely a correction to it. Nor did he carry on for long his crusade against the Soviet "evil empire." The NATO allies had a lot to do to change his mind. They argued that ideology was failing all over the world—communism in the Soviet Union, social-

ism in Western Europe, capitalism in America—and also that everything was changing in the industrial world's economy and everybody had to adjust to the new realities.

The Reagan of his first four years has been adjusting to the facts of his second—no alarming budget deficits and spectacular trade deficits, and to the cost of the arms race. He has been compromising with Congress on the budget, not much but some; and he talked quietly to Mikhail Gorbachev in Geneva on human rights, in the belief that more dissidents could be liberated by quiet diplomacy than by loud propaganda. Nothing was settled but everything was discussed, and there was at least agreement at the summit that the two men should talk again in Washington next year and in Moscow the year after.

The main point, or so it seems, is that something important may be happening: that instead of arguing about the past, people are beginning to talk about the future—not only on Capitol Hill but between the White House and the Kremlin.

An important thing about the Reagan-Gorbachev meeting was not only that they agreed that a nuclear war "cannot be won and must never be fought," but also that they agreed to keep in touch, not only next year and the next, but all the time on wars elsewhere in the world. And they agreed that the spread of nuclear weapons must be controlled.

In short, the hopeful thing is that maybe there is a realization on both sides that officials should be thinking about what they have in common instead of what has divided them since the end of the last world war and the beginning of the nuclear age.

Ronald Reagan, in choosing a biographer, must be thinking about what he will leave behind after his spectacular political successes. He has three more years to go, and the guess here is that, like most presidents and particularly like most actors, he wants a happy ending in the last act.

This kind of thinking drives his conservative supporters up the wall. For the first time he is beginning to think of history, not heretofore his favorite subject. And probably he has not chosen Professor Morris to write that he failed to balance the budget and produce a reasonable balance of military power in the world.

The New York Times.

## LETTERS

### Prejudging the Greeks

I was shocked by the facility with which television and newspapers condemned Greece for the EgyptAir hijacking even before it was over and before any investigation. A survivor has since said that arms could not have entered the plane at Athens airport because passengers had to submit to four controls there.

NATALIA AGAFIOU, Brussels.

### Italy and Switzerland

William Pfaff, in "A Curious Approach of Investment Risk in Europe" (Nov. 22), wonders why multinationals see Italy as a high risk country. He points out that "the consistency of Italian political and economic policy over the 40 postwar years" rivals that of Switzerland. Perhaps if the results of those policies revealed those of Switzerland, investors would be more impressed.

MIKE BELLINGHAUSEN, Vincennes, France.

### A Waste of Good Space

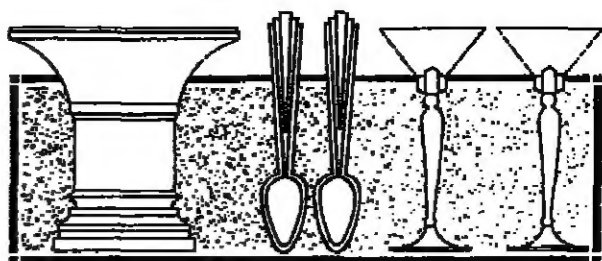
I should like to read more opinion columns like Richard Critchfield's "Of Aristotle, Deng and China's Productive Peasants" (Nov. 18). I think much of the editorial page is wasted.



ADVERTISING SECTION

ADVERTISING SECTION

# BACCARAT glass & SILVERWARE



## Table-Shopping on the Rue de Paradis

If you're bullish on china shops, run (don't walk) to Paris's rue de Paradis. This 500-meter street, just two blocks southeast of the Gare d'Orsay train station, is lined with 50 retail boutiques and manufacturers' showrooms selling the very finest French and European porcelain, silver, crystal and glassware.

This is the epicenter of France's retail and wholesale table-craft trade, and while located in one of the city's last surviving quarters populaires, there is nothing downmarket about the presentation in these boutiques. Even with prices averaging 10 percent less than in department stores, all is *luxe, calme et volupté* behind those sparkling display windows.

One senses the spirit of gentlemanly cooperation between the merchants, who have all agreed to keep the same hours (10-6:30 Monday through Saturday). "We treat each other more as colleagues than competitors," says Albert Madronet, president of the 23-member Rue de Paradis Association. "It's a fine line, of course, but it's the difference that makes all the difference."

Madronet, who hails from Limoges, owns six of the 30 retail outlets on the street. Each individual shop is a separate universe, with a distinct inventory aimed at a specific clientele.

For instance, Limoges Unic at 12, rue de Paradis, appeals completely to the tastes and needs of North Americans, who make up 90 percent of the shop's clientele.

"Americans like floral motifs more than Europeans do, and they want larger-size dinner plates and bigger coffee cups," explains Madronet. "They also prefer to buy by the place setting, whereas Europeans traditionally buy a complete 50-piece dinner service in one fell swoop."

At Limoges Unic, American clients can also pay for their place settings directly in Yankee greenbacks, thus cutting out the round-the-block search for a money changer. The U.S. customers are "deeply grateful" for this privilege, adds the owner. And Limoges Unic's reputation for low prices extends all the way across the Atlantic. "We have clients arrive from Dallas, Miami, etc. with lists of style numbers that they chose at the department store back home," says Madronet. "They know that they can save 30 to 50 percent by shopping here."

While Limoges is not the only porcelain-producing area in France (there's a group of factories at Vieuxon also), the peculiarly American fascination with Limoges has definite historical roots. In the first part of this century there was such an overwhelming statewide demand for china made from fine Limoges kaolin clay that American entrepreneurs actually bought up and expanded the existing factories in the region to ensure production for their accounts. At one point, Haviland, Steinsap & Voth, Arenfeldt and Guerin were all U.S.-owned.

In fact, national preferences in tableware seem to be as distinct as national cuisines. Arab



Clockwise from left: Chat de Rigot design by Baccarat; Monet design paperweight by Saint-Louis; Baccarat "votive" and "salieres"; tea service by Dorothy Hajner for Rosenthal.

diners, for example, tend to prefer the more ornate styles, laden with gold filigree and rich cobalt-blue coloration. "Cobalt paint is such an expensive material that it always raises the price," remarks Madronet, adding that such table services do not sell well to Americans because "they don't fit in with the relaxed U.S. lifestyle."

The consumer is not the only one to bet on national tastes. Style tendencies are easy to spot among the manufacturers, too. "Due to the firing processes in England, their china is always more softly colored than ours on the Continent," says Madronet. "And the designs employed by the Scandi-

navian, German and Czech firms are generally very contemporary."

At Madronet Maison, 34, rue de Paradis, the ultramodern creations of the West German Rosenthal firm are displayed between showcases of classic French Baccarat and Saint-Louis crystal. A Rosenthal innovation is that each porcelain table service is complemented by a matching silver and glassware pattern. (Again, all items can be bought separately and by the place setting.)

However, let the buyer be aware that all French china patterns are not tradition-bound and formal. In the same shop, the Limoges-based firm of Robert Haviland and C. Paton

offers one of the simplest and cheeriest services imaginable: bold cornflower-blue and sunshine-yellow striped plates that were re-inspired from Claude Monet's ceramics service at Giverny. The same company also commissioned fashion designer Sonia Rykiel to develop a clean art-deco-inspired series. (It must be added that designer-dressing-for-dinner-plates is a full-fledged trend on the street: Karl Lagerfeld, Pierre Cardin, Léonard and Castelbajac are just a few of the designer labels for

the table available on the rue de Paradis.

Despite the proliferation of new and exciting themes, Albert Madronet sees evidence of a new conservatism among youthful consumers. "From 1965 to 1975, all the young French couples wanted something 'modern.' Now they're all looking at traditional patterns. Even the Germans, who are always very avant-garde in their tastes, are shopping for tradition."

Tradition is a byword on the

rue de Paradis. While the street has been in existence since 1643, its destiny as a center of table arts did not begin until 1831, when Baccarat Crystal opened a studio at 30 bis, now the site of their showroom. Besides displaying the entire present-day inventory, Baccarat maintains an on-premises museum with dozens of items from their 200-year history. Besides offering a peek at the "eyes only" crystal service used at the Elysee Palace, the museum has cutaway diagrams that illustrate exactly how the famous "millefiori" paperweights are made.

Right next door to the Baccarat building is the Interiors, a complex of manufacturers' showrooms grouped as the Centre International des Arts de la Table et de la Maison. Haviland, Saint Louis, Waterford and Porcelaine de Sologne are only a few of the tenants. Fine French firms like Bernardaud, Baum Crystal, Lafarge and Haviland et Parion also maintain showrooms directly on the street.

This is not to suggest that the rue de Paradis has a virtual monopoly on quality table crafts. The stretch of land between the Place de la Concorde and the Place de la Madeleine can be singled out for two very notable storefronts.

One is Lalique, at 11, rue Royale. This is a name that is synonymous with French ele-

gance for luxury-lovers the world over.

The other, Au Vase Etrusque, 11, place de la Madeleine, has been known to connoisseurs of fine china and crystal for over 130 years.

The selection at this two-story store is simply enormous and tends to the traditional. Major French and Continental firms are extremely well-represented. The store even carries some samples of *parisienne* Sevres porcelain. Naturally prices for these items, which are very limited in production and distribution, are high: a single gilt-edged soup plate can run well over 1,000 francs (\$125).

Au Vase Etrusque will also hand-paint china or hand-carve crystal to a customer's specifications. The results (as in the purple orchid pattern recently commissioned by a South American client) can be breathtakingly beautiful.

Au Vase Etrusque is 100 percent operational today after a terrorist bomb directed at the nearby UTA building shattered its first- and second-floor windows in late October. "It wasn't pretty," says Gachet. "We were all terribly demoralized." Luckily, most of the damage was confined to the ground floor, and regular customers will not find it hard to believe that the stately calm of this century-old establishment could be restored so rapidly.

## The Magic of Baccarat Crystal

Their name is the very definition of crystal. With authority the Petit Larousse Illustre defines this magic substance as: "Very clear and very pure white glass. Baccarat crystal." For over 221 years, since the glassworks was founded by the Bishop of Metz under the patronage of Louis XV in 1764, the story of this celebrated French *crystalerie* has so combined the extraordinary with the miraculous—surviving three revolutions and four invasions as well as two general strikes without once shutting down—that one might assume the gods had cast a particularly benevolent eye upon the enterprise.

Perhaps one of them has. Centuries ago, the Romans built a temple on this same site, dedicated to the god of wine, Bacchus, next to a fortified town whose ruins can still be glimpsed nearby. The name Baccarat derives from *Bacchi* for Bacchus and *ars* for altar.

What better way to propagate the pleasures of the vine than to combine the world's greatest wines with the superb crystal in which it is best savored? Could that special sparkle of a Baccarat crystal goblet as one sips the velvet vintage of a fine Bordeaux be a reflection of the glint in the eye of the most sybaritic of gods?

No need to plunge into ancient legend to share the pleasurable sensation of serving fine wines in connoisseur's crystal. Modern heads of state follow the traditions set by the sumptuous royal courts of yesteryear when they turn to Baccarat for their elegant stemware or prestigious state gifts.

The miracles wrought in shimmering crystal by Baccarat's craftsmen have fascinated the rich and powerful for centuries. Kings and emperors, shahs and sultans, maharajahs and presidents, from the Far East to the Far West, have paid their tributes to Baccarat's supremacy. Charles X was the first royal to visit the manufacturer in 1828, and thereafter a stream of

the most important royal, political and social figures of the 19th and 20th centuries made the pilgrimage to this small village in northeastern France in search of the perfection only Baccarat can offer.

During the reign of Napoleon III, Baccarat began winning gold medals and grand

prizes at world fairs and exhibitions, a habit that has continued to this day. account when he built a palace just to display his new Baccarat chandelier. Despite warnings from the craftsmen that the ceiling was not strong enough to support the chandelier, he ordered it hung. When the ceiling gave way and the magnificent chandelier crashed into a million crystal splinters, the Maharajah was undeterred. He merely ordered another chandelier and built another palace, this time assuring the solidity of the roof by hoisting his heaviest elephant up by special crane for a test run.

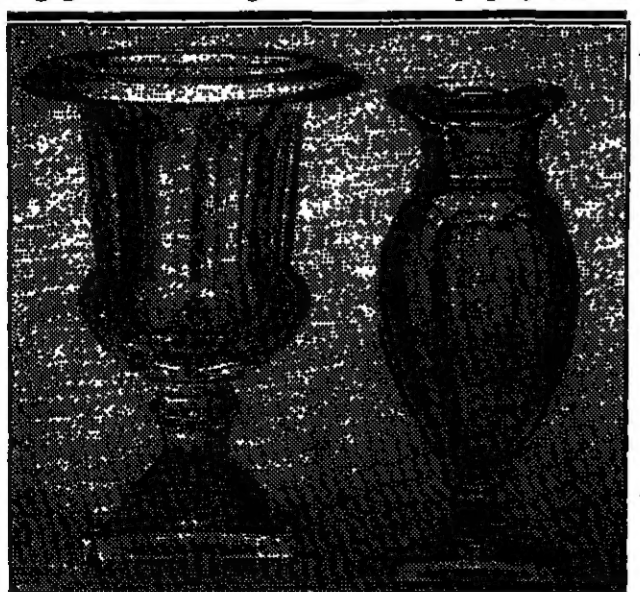
Side by side with all these grandiose exploits, Baccarat continued to invent exquisite stemware patterns, like the deep flat cutting of Harcourt in 1825 or the celebrated balloon glasses of 1849, and the simple Grecian vases that are still best-sellers today. The art of "millefiori" paperweights, in vogue until 1880, was only rediscovered by a Baccarat engineer in 1938. Now these paperweights are again in great demand by international collectors.

Technological prowess has always been an important ingredient of the Baccarat story. The development of safety glass for miners' lamps was an essential aspect of the company's survival through the two world wars. The installation in the 1960s and '70s of sophisticated gas and electric furnaces allow the night-and-day production of the flawless lead crystal used to create a new generation of abstract decorative pieces by modern artists emphasizing the quality and form of the material.

The real secret of Baccarat lies in the savoir faire of its craftsmen. The company boasts an exceptional 17 *Meilleurs Ouvriers de France* among their glassblowers, cutters, carvers, engravers, gilders and polishers. The workers "gather" the molten crystal with long hollow canes for glassblowing, keep them constantly turning while the hot crystal is blown into a transparent dome sparkling with a thousand lights, then delicately attach the glass stem and foot. This rhythmic symphony of movements has been compared to the strange beauty of a ceremonial ballet.

Looking after this masterful work force is one of the company's priorities, and it only slightly exaggerates when it speaks of it as a large family. The 1,100-person work force is made up of only 211 families, and the esprit de corps is such that they recently volunteered to work 24,500 hours overtime to cope with a flood of orders. Today more than half the workers are shareholders in the company, and it has been the only firm to hire 110 people over the last 18 months in the economically depressed Lorraine region.

Meanwhile, the legend of Baccarat continues to dazzle with the mysterious magic of clear crystal.



1985 Baccarat reproductions of designs from 1821-1840.

prizes at world fairs and exhibitions, a habit that has continued to this day.

Seemingly every crowned head asked Baccarat craftsmen to create something even more splendid and remarkable than what they had made before, and these magicians in glass responded by producing a startling series of artistic and technological tours de force. For Marie-Louise of Parma, the Queen of Spain, they made a dressing table and chair in crystal in 1829. For the King of Portugal in 1878, it was a 15-by-13-foot (3-by-5-meter) "Temple of Love," complete with a representation of the god Mercury in the center.

The complex forms of the Middle Ages and the Renaissance were revived, transformed by double or triple layers of color and further embellished by gold decoration or ornate cutting and engraving. Chandeliers and candelabra reached astonishing proportions, up to 17 feet high and 16 feet in diameter, with 147 lights. Some of these masterpieces, containing more than 500 elements, weighed from 500 kilograms (1,100 pounds) to a ton, something the Maharajah of Gwalior did not properly take into

## Value Is a Matter of Detail

Richness of form, hand-modeled decorations and exquisite painting done by hand: the Saxon-Thuringian porcelain factories have been making details important for centuries.

In the 1890s, the Scheibe-Alsbach Porcelain Factory became famous for a new kind of artwork in its reproductions of well-known historical paintings as free-standing porcelain groups. Prof. Otto Poertzel created a porcelain statue based on David's "Napoleon's Ride Across the Alps." Both the great accuracy of portraiture and the historical authenticity of the uniforms reflect masterful modeling and painting. This monumental porcelain figure is, like all the factory's Napoleonic creations, unexcelled to this day.

Look for the factory mark on the bottom. You'll recognize porcelain from Scheibe-Alsbach by the crossed S.

Porzellanmanufaktur  
Scheibe-Alsbach



im VEB Vereinigte  
Zierporzellanwerke Leitzsch





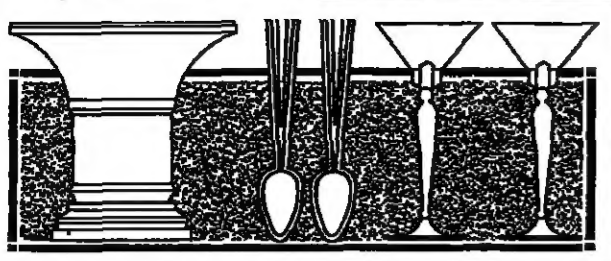
## ADVERTISING SECTION

## ADVERTISING SECTION

## Distinguished Names in Porcelain

Germany is the home of many distinguished names in porcelain.

To the Saxony region of this country goes the credit for making the first true (i.e., hard-paste) porcelain in Europe at the start of the 18th century. The first glazed and painted white porcelain was made in a factory in Dresden. But the

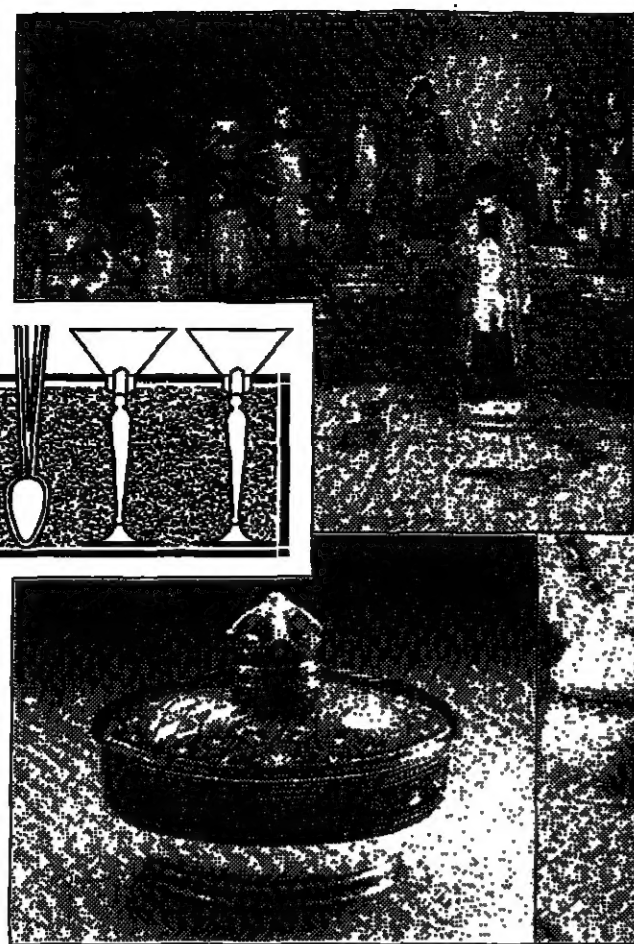


plant proved too small and porcelain production was moved into an old fortress in nearby Meissen (the original site continued to produce a porcelain-like red stoneware). The name, Royal Meissen, sounded better than the first products justified, but skill and style were soon developed. Today, Meissen is synonymous with high-quality porcelain.

One of the latest "new" patterns from Meissen is a coffee service bearing the Brühl swan design of Count Heinrich von Brühl, premier of Saxony and director of the Meissen porcelain factory from 1733 until his death in 1763. The pattern has been brought back to celebrate Meissen's 275th anniversary this year. Incidentally, the original Brühl swan pattern consisted of 2,000 pieces.

Forty years after production started in Meissen, a wool producer opened the first porcelain factory in Berlin. However, it soon closed, mainly because of the Seven Years War. A second plant had to stop production in 1765 after only about two years. This time, porcelain making in Berlin was saved by government intervention in the form of an order from Frederick the Great, and since then the Royal Porcelain Manufactory Berlin—known by its famous initials, KPM—has remained in uninterrupted operation.

The marriage of a granddaughter of August the Strong into the Bavarian royal family resulted in the first, but unsuccessful, attempt to make porcelain in the Munich area. The plant, in an unoccupied local government building in Neu-



Top left and right, Scheibe-Alsbach figurines. Bottom right, the Romantic pattern from Villeroy & Boch. Bottom left, bone china Crown bowl from Villeroy & Boch.

deck in der Au, outside Munich, was kept going and with the help of craftsmen and artists who had worked in other German and Austrian porcelain factories, quality porcelain was eventually produced. To save money and end quarrels with neighboring monks, production was moved to the royal family's castle at Nymphenburg in 1761. Since then, the products have been known as Nymphenburg porcelain.

Diderot included a work called "L'Art de la Porcelaine" in his famous encyclopedia. The author, a Comte de Milly, had acquired firsthand experience in porcelain making while on temporary duty with the army of the Duke of Württemberg, who had erected a factory in his residence in Ludwigsburg, outside Stuttgart. Porcelain-Manufaktur Ludwigsburg is now a private company. Its range of products (still hand-made) includes figurines, decorative plates and tableware. Ludwigsburg porcelain is rich in floral designs, but the company also has a breakfast set adorned with brightly colored birds.

A porcelain expert from Meissen along with two merchants from Frankfurt am Main founded the factory in Höchst (now part of Frankfurt) in 1746. The factory's symbol is the wheel, taken from the coat of arms of the ruler of Mainz, who chartered the original company. Although Höchst porcelain quickly became known throughout Europe, the plant changed hands, was acquired by the prince in Mainz and forced to close down because of wars and financial difficulties shortly before the end of the century. The molds for the most part were lost.

An attempt to revive the company was made after World War II, but a successful start-up was not realized until 1965. The company is now owned by the Hoechst chemical corporation and the Dresden Bank. Today's production, modeled and painted by hand, consists of figurines, tableware, vases and other objects. They bear the original Mainz wheel as their trademark. One of the special characteristics of the 18th-century "Mainz Manufaktur" at Höchst was the use of a deli-

cate purple that can be seen again on the plant's current production. Höchst is also distinguished for its flower paintings, not only on large plates and bowls but also on small pieces, and for its use of the combination of purple, green and gray.

Villeroy & Boch, which identifies itself as Europe's largest ceramic maker, also traces its roots back to the porcelain pioneer days of the 18th century. The company originated in 1748 in a pottery started by Francois Boch and his three youngest children in Audin-le-Tiche in Lorraine, then part of Luxembourg. As Villeroy & Boch, the company specialized in tableware. Although, in the last hundred years, the production volume of tiles and sanitary ware has overtaken that of tableware, the company continues to turn out a variety of artistic patterns to brighten tables in homes and restaurants.

In the Franconian region of northern Bavaria, which is well populated with glass- and porcelain-making factories, two world-famous firms are found in the small town of Selb. They are Hutschenreuther and Rosenthal.

Hutschenreuther, which is now in its 171st year of operation (although its Theresienhof subsidiary goes back to the year 1421), introduced this year what it calls "a completely new idea for porcelain and glass" in the Maximilian de Paris design created by Pierre Cardin. Intended for urban and urban users, the pattern is very simple, with oval forms and sweeping lines. There are variations, from a minimalist plain soft white to gold trimming to slight touches of color and a hint of a floral display for the Jardin style.

Rosenthal was founded in 1880 by Philipp Rosenthal. New in Rosenthal's avant-garde Studio Line this year are the Flash tea service, described in the catalogue as "for lovers of the unconventional," by Tiffany designer Dorothy Heiner, and a teacup as a ceramic coffee set of the Gropius Service, originated by one of the leaders of the Bauhaus movement. One of the first orders for Gropius II came from New York's Metropolitan Museum of Art.

## Scheibe-Alsbach's Figurines Recreate History

For 150 years now fine porcelain has been manufactured in Scheibe-Alsbach, East Germany. From this mountain village in the Thuringian Forest it is exported throughout the world.

It was on May 30, 1835, that Louis Oels, a bookkeeper at the porcelain factory in Blankenhain, near Weimar, petitioned Prince Friedrich Günther von Schwarzburg to grant him permission to start a porcelain factory in Scheibe. The royal bureaucracy at the court in Rudolstadt took a leisurely five years to answer the petition. But in the meantime, since Oels had not received an outright rejection, he began to go into production. At first work was limited to painting pre-manufactured pipe bowls. Soon Oels' factory, which by then had hired 19 workers, began to make porcelain of its own.

By the time Louis Oels was awarded the porcelain concession by the court in 1840, he had already sold the factory in July of the previous year to Daniel Kämpfe and Friedrichmann Gräner. He had been forced to do so because of another bureaucratic snag: the prince's chamber had refused to allow him to obtain firewood. His successors, Kämpfe and Gräner, eventually went out of business for the same reason, after having hired an additional 30 workers. In 1844 they sold the factory to a Herr Dreesel and Johann Friedrich Andreas Kister.

The new owners seem to have been better able to deal with the royal bureaucracy: the

number of workers in 1847 was already up to 148. Even then the factory owners were recognized for the high standard of their products. Their porcelain figures, which are still the factory's main output, showed an astonishing quality of craftsmanship that guaranteed good sales. By 1850 Scheibe was the only Thuringian factory to be making large quantities of figurative porcelain.

Good raw materials, a very good porcelain mixture and complete mastery of glazing techniques make it possible to bring out the smallest details. These advantages, teamed with the owners' sensitivity to customers' needs, have given the Scheibe manufacturers a firm market position.

In the 1860s the company expanded its product range, which had been dominated by devotional items and toys, to include life-size busts of writers and composers. The masterpieces of the 1880s and 1890s were made of biscuit porcelain and painted in subtle colors. In the 1890s August Wilhelm Fridolin Kister, the son of Johann Friedrich Andreas Kister and sole owner of the factory since 1863, began to concentrate on a new genre: the reproduction of details of famous paintings as freestanding porcelain groups.

The favorite subjects were paintings by David, Watteau and other French artists. Famous women such as Madame Récamier, Madame de Pompadour and Marie Antoinette as well as dancing couples, female dancers and scenes from society

were also models for porcelain figures in the last decade of the 19th century.

As a result the small, once-ignored factory in the upper Schwarzatal was soon established on the world market. A number of medals and prizes at national and international exhibitions of the period testify to the high artistic value of Scheibe-Alsbach's production.

The success of Kister's factory, with showrooms in Hamburg, Berlin, Paris, Milan, Amsterdam and Vienna, took the competition by surprise. This success was the result of an independent and well-directed policy that did not take Meissen as a prototype, but instead pursued an individual style. In 1905, A.W.F. Kister sold the factory to his son-in-law, a Herr Offenberg. The business then became a formal company under the name A.W.F. Kister.

Scheibe-Alsbach went on to become partly state-owned in 1962. It was completely acquired by the state in 1972 and became part of the VEB Vereinigte Zierporzellanwerke Lichte. Today the company goes by the name of Porzellanmanufaktur Scheibe-Alsbach GmbH.

Scheibe-Alsbach's collection of forms is constantly expanded with new models, mostly created by the talented hands of Heinz Schöber. Experienced skilled workers, supported by a talented young staff, provide the guarantee that Scheibe-Alsbach will remain highly respected throughout the world for its unique and valued artwork.

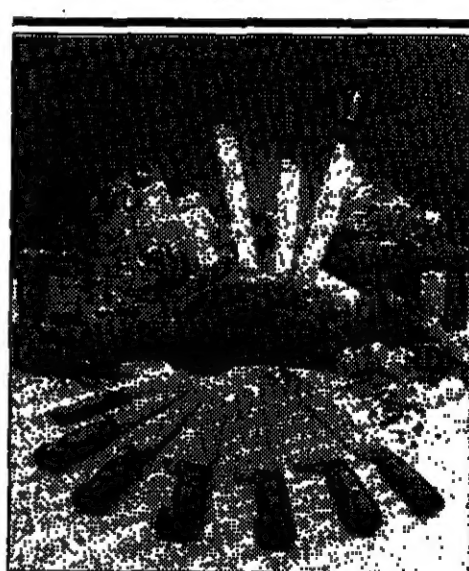
## Henckels Zwillingenwerk: On the Cutting Edge

On June 13, 1791, Johann Peter Henckels registered the trademark for his new Zwilling company with the Cutlery Guild in the German town of Solingen. Since a patent office had not yet been established, Henckels's registration was announced in the local churches.

Since then, for more than 250 years, the twins have been the company's symbol. (Zwilling is the German word for twin.) Today the sign of the twins is found on knives, scissors, shears, flatware and manicure sets exported to some 100 countries. In the seven most important retail markets, in the United States and Japan and also in Western Europe, Henckels Zwilling has set up its own sales organizations.

A reputation for top quality has made this one of the world's leading cutlery manufacturers. Constant quality control is maintained during production. A single knife, for example, passes through an average of 40 different stages in the production process. A pair of shears needs around 60. Most of this work is still done by hand.

The company is constantly improving its products. In 1959, Henckels Zwilling ob-



A set of Henckels Zwilling knives.

tained a patent for a new hand-cutting process it called *Präzision*. This is a way of using ice hardening to achieve the maximum resistance and sharpness along cutting edges. All Henckels Zwilling knives are treated with this process.

In 1976 the company introduced a new generation of forged cook knives, designed in cooperation with leading professional chefs. These knives are perfectly balanced and have

rounded butts for easier handling. They are marketed as the Four Star Knives and can be bought individually or as a set. Henckels Zwilling kitchen shears are truly all-purpose and can be used to cut flowers, string or even carpets as well as to remove bottle caps.

Henckels Zwilling products are marketed in Germany and some of its neighboring countries in the company's own chain of 24 retail stores.

## China and Glass at Paris's Museum of Decorative Arts

The Musée des Arts Décoratifs, part of France's largest private museum complex, can be considered to be the guardian of French good taste through the ages. Furniture, silverware, wallpaper, fabrics, jewelry, folk art... even children's toys are featured in its enormous and eclectic archives.

Nonetheless, the fine china and glassware collections are especially noteworthy.

The glassware collection numbers 4,000 pieces. "As far as acknowledged masterpieces are concerned, works of great historical significance, I don't think there is another museum collection that can put ours to shame," says Assistant Glass Curator Jean-Luc Olivieri.

While the collection stretches from antiquity to the present day, the greatest number of world-class treasures date from



Above, 1937 Saint-Gobain radiator. Right, vase by Emile Gallé.

the art-nouveau and art-deco periods. This is due in large part to the singular history of the museum, which was founded in the late 19th century by businessmen and manufacturers who wished to preserve and honor France's industrial and



crafts heritage. They were on the spot and ready to make acquisitions during the great period of International Expositions. In this manner the museum was able to construct a collection of 60 pieces by the famed art-nouveau master glassmaker, ceramicist, and furniture designer Emile Gallé (1846-1904).

The Gallé glassware collection at first included the masterworks the Four Seasons Cup (1884) and the Biphémères Vase (1887). Subsequent gifts added the Orpheus and Eurydice Vase (the jewel of the 1889 Exposition) and the Africana Vase (1901), which Gallé produced in homage to Joseph Reinach.

Other great French glassmakers of the 20th century are represented too. Works by René Lalique (1860-1945) and Maurice Marinot (1902-1960)

are interspersed with Tiffany, Koepping, and Damouré creations.

Classic French crystal is not ignored either; there are numerous examples of Baccarat and Saint-Louis creations. (Both firms were founded in the mid-18th century.)

Porcelain began to appear in France in the late 17th century, at Saint-Cloud and Rouen, where it grew out of a strong pottery tradition. Those with limited time to visit the museum might be advised to head directly for the Louis XVI galleries, however. The 18th century is truly the golden age of French porcelain," says Curator Gérard Mabillet, adding that the museum collection comprises several thousand examples.

Works from Chantilly (founded in 1725 by the Prince of Condé) can be traced from an early Oriental period to a more distinctly French style after 1750. Mennecy (1737), Sceaux (1748) and Biotelles (1768) are well-represented, and there is an extensive grouping from Sevres, the royal manufacturer that was moved from Vincennes in 1756 at the instigation of Madame de Pompadour.

Art-nouveau ceramics are also present. The works of Auguste Delaherche (1857-1909) and Ernest Chaplet (1857-1909) are especially significant. And the present-day glass and china collections are continuing to grow. "This is thanks in large

part to the generosity of the Fonds National des Arts Contemporains," says Olivieri.

The Centre du Veau, which opened in 1982, is also of special importance. "While there were many ceramics museums in France, nothing of comparable importance existed in this country for the study of glass," adds Olivieri.

Those who would like to bring a little of the museum home with them should visit the sparkling new gift shop to the left of the main entrance at 107, rue de Rivoli. As a private museum needs to generate funds for its survival in the 1980s, the Musée des Arts Décoratifs embarked in an extremely ambitious licensing and reissuing program in hopes of letting the extensive archives help pay for themselves.

Of particular interest: the 18th-century Pastorel porcelain dinner service and the blue-and-white Colonial service that was cast in the original 1925 models by Lanternier de Limoges. The Boite Grenouille, or frog box, a hand-painted porcelain replica of a late 18th-century piece, makes a fine (and easily packable) gift. And among a wide selection of glassware, the Eiffel Tower candlesticks are a standout.

Musée des Arts Décoratifs, 107, Rue de Rivoli, 75001 Paris, tel. 42.60.32.14. Closed Monday and Tuesday.

Vivid memories of her childhood inspired the young, talented Franciscan nun, Maria Innocentia Hummel. The inimitable "M.I. Hummel" figurines painstakingly adapted from her artwork have already made millions of friends among collectors around the world. You'll discover the joy, too, when you look for authentic "M.I. Hummel" collectibles with the Goebel backstamp at a fine gift shop near you.



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## German Metalware and Silver

WMF is one of the German brand names whose fame has spread around the world. The initials of the Württemberg Metalware Factory appear on a wide range of articles made by the company's different divisions: cutlery, gift and glassware, cookware and housewares; and hotel glass and tableware, coffee machines, polystyrene disposables and business gifts. There are 91 factory-owned retail stores in larger German cities.

For the consumer, WMF makes cutlery in solid silver as well as in silver plate, gold plate, stainless steel (under the Cromargan trademark) and material combinations. Table and gift ware come in gold plate, silver plate, Cromargan stainless steel, pewter and material combinations. There are also drinking and decorative glass



Cutlery by Robbe & Berking.

and crystal ware, stemware, bowls, vases, candlesticks and other items.

WMF has launched La Galaxia this year as the firm enters a new field: imaginatively and creatively styled gift items. The first of these "products of pure fantasy" are ice buckets and champagne coolers.

Robbe & Berking, a silverware maker since 1874, has achieved an international reputation for high-quality products which are almost exclusively

solid silver and silver-plate cutlery. R&B is Germany's largest maker of genuine silver table utensils. The company notes proudly that its models are not based on the possibilities—and limits—of automated mass production, but reflect R&B's best artistic and silversmithing abilities.

R&B has created a new line, Edo, of slender dining utensils made expressly for the small, delicate portions of nouvelle cuisine. Edo has already won an award for design.

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ADVERTISING SECTION

ADVERTISING SECTION

## The Comeback of British China

After the difficulties of the early 1980s, when the recession caused many famous Staffordshire potteries to cut back on production, British tableware sales are again booming.

A key factor in this recovery is the favorable dollar exchange rate, which has boosted direct exports to the United States. It has also increased sales to Americans vacationing in the United Kingdom, for whom "typically English" chinaware has always been a favorite holiday souvenir. This is reflected in the growing levels of business at airport shops, where travelers can take advantage of tax- and duty-free concessions.

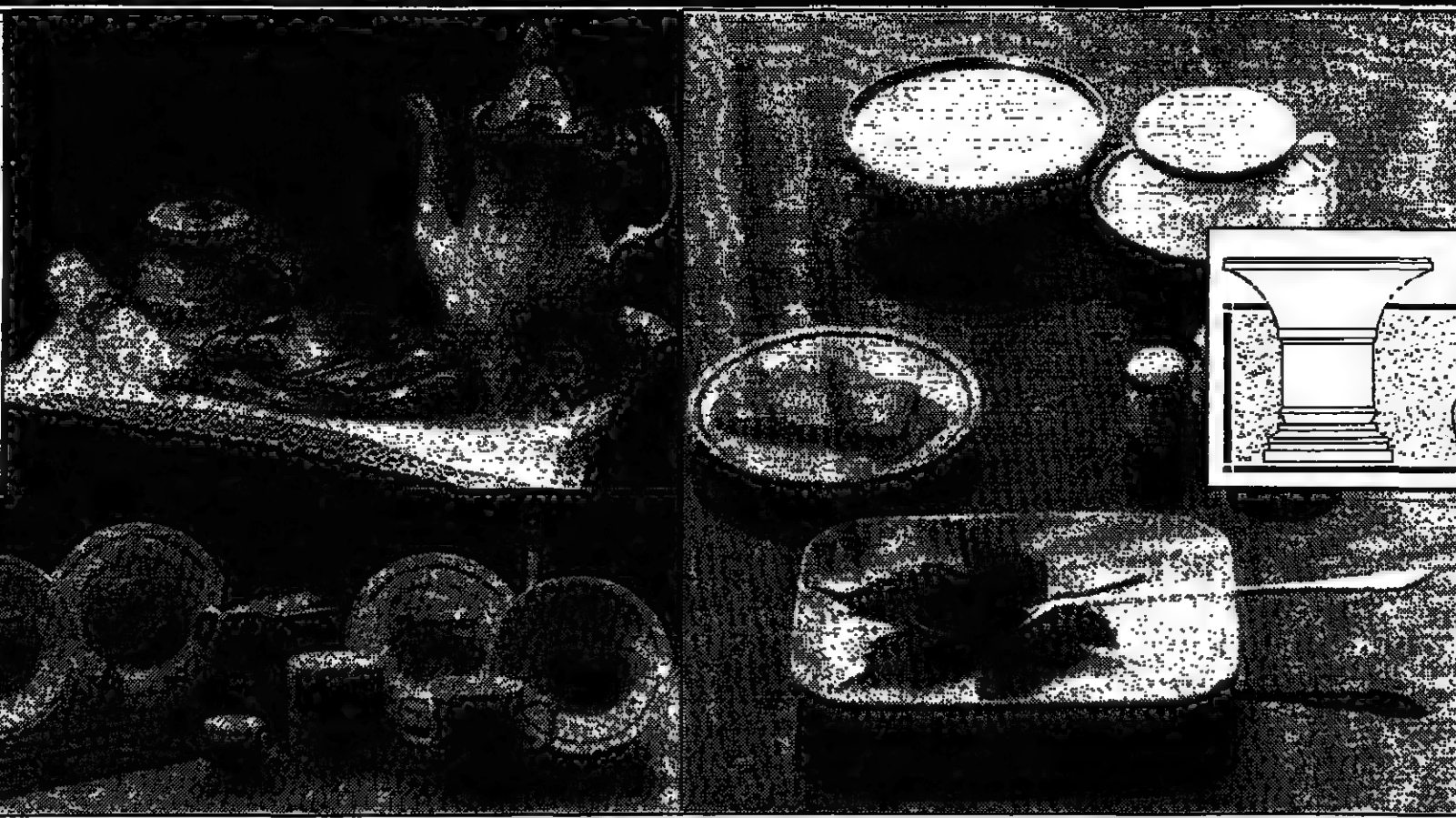
The Royal Doulton group, for instance, reckons that about 3 percent of their total annual turnover of £190 million (\$182 million) is now done in the duty-free sector, which they regard as a major growth area for the late 1980s, while Wedgwood has trebled its duty-free turnover in the last two years.

Sales topping \$146 million a year make Wedgwood easily the biggest ceramics concern in Britain, and chairman Sir Arthur Bryan notes that all the group's 15 production plants are now working virtually at full capacity, while a new £3-million factory now nearing completion will be exclusively devoted to hotel and catering ware.

Though most famous for the cameo-decorated jasperware first introduced in 1774, Wedgwood today produces every type of ceramic item, from bathroom washbasins, sold under the Johnson Bros. brand name, to the finest bone china such as the specially designed services used aboard the Concorde.

Recent export orders for this

Right, Old Country Roses tableware design by Royal Albert. Far right, Concorde bone china tableware by Wedgwood. Below, Thomas the Tank Engine & Friends nurseryware collection by Wedgwood.



division of Wedgwood include 54,000 items in 15 shapes for Sri Lanka's Air Lanka and a million items in an exclusive hexagonal design featuring the falcon logo to be used in Gulf Air's First and Business Class cabins.

One of the reasons Wedgwood is so successful in securing major overseas catering contracts is their insistence on high performance. The 1985 lines include chinaware guaranteed to be dishwasher, freezer- and microwave-safe.

An interesting example of the way Wedgwood likes to marry hi-tech with tradition are

the designs by Susie Cooper. Cooper, now aged 82, was one of the design revolutionaries of the art-deco era, and the simple shapes and strong colors of the Florida pattern, with its emphasis on oranges and yellows, clearly evoke that period.

Other manufacturers are once again emphasizing more delicate designs, such as Poole Pottery's new Melbury lines with its pale-blue and beige floral patterns.

Watercolor tones are also to be found in Wedgwood's Mason's Ironstone Ware line, a collection offered both as a

traditional six-piece dinner service or a 21-piece tea service.

It can also be bought by the piece, since the habit of buying a complete service all at once is breaking down.

Houses that do big business with the Middle East find that their customers want more plates, cups and saucers in each set. "Dinner services of up to 131 pieces with larger-than-average serving plates are the norm for this market," says a spokesman for the U.K. division of Corning, which exports their Pyrex brand of clear oven-

ware extensively to the Middle East.

Coming reports strong sales to Saudi Arabia, where such services are popular as take-home gifts for pilgrims who have completed the Haj.

For overseas sales clear glass is still the first choice, but in the United Kingdom the current trend is to make glass overware items look as much as possible like fine china.

Indeed, from a home-fashion point of view, there is a definite swing away from the chunky "peasant" looks favored in the 1970s. Specialists in this type of style, like Denby, are currently revamping lines to produce a more refined appearance.

In overware nowadays a mandatory item for British domestic sales is the fluted-edged quiche dish. Similarly, Dartington Glass says that dishes specially designed to hold half avocado pears or single cobs of roasted corn and sold individually boxed are now among the best-selling small wedding gifts on the British domestic market.

Informal eating habits, too, have produced a massive up-

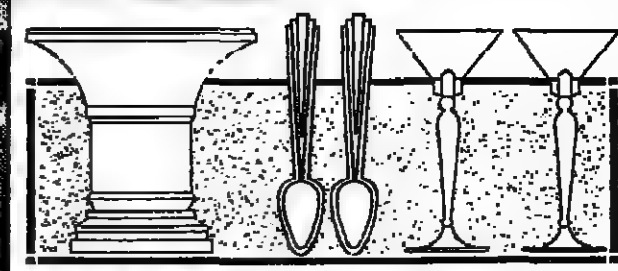
turn in the sale of mugs, the switch from traditional cup-and-saucer to tall beaker shapes reflecting that the bulk of Britain's under-30s now drink more coffee than tea.

The Royal Doulton group has had continuing success with their Royal Albert Old Country Roses pattern, which to date has sold more than 70 million pieces. The pattern, which Royal Doulton says has worldwide appeal, probably represents most people's idea of "typically English traditional bone china."

In fact the pattern was introduced as recently as 1962, and although it was always designer Harold Holdcroft's ambition to create a perennial best-seller, initially Old Country Roses was a very slow mover and needed heavy pressure from the makers to get it to retail exposure. "Once it started to move, however, sales steadily snowballed and are still growing on a global basis," says a spokesman for Royal Doulton.

Always keen to stimulate the market with topical as well as traditional designs, this year Royal Doulton brought out no

name of the game for Royal Worcester/Spode, now part of the LCR International group, who have just completed a £12-million improvement scheme at their Worcester factory and during 1985 spent £650,000 on promotion within the United Kingdom alone.



This year Royal Worcester/Spode brought out 15 new tableware patterns and, as luxury gifts, introduced an exclusive series of limited-edition eggs. Only 25 are for sale within Britain, while another 25 will go to the Middle East and the United States.

Limited-edition pieces have also broken new ground in the fancy-ceramics line of Wedgwood, who this year employed fashion designer David Shilling to create a series of Ascot Lady figurines. Priced at \$99.50 in the United Kingdom, they come in editions of a thousand. They are made and marketed by the Coalport division.

New Line of Exclusive China created by a worldwide known artist, Endre Szász in Hollóháza, Hungary individual hand painted



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## The Enduring Appeal of Hummel

One of Germany's most famous exports this year celebrates its 50th anniversary. The product is the popular Hummel figure.

The Hummel figure had its world premiere at the Leipzig Trade Fair in 1935. The chubby-cheeked porcelain children were an immediate success. Hummel figure number one, a little boy playing a violin to his cat-dog, now has more than 450 companions. Hummel figures can be found at the bases of lamps, in Christmas nativity scenes and on plaques, bells and, since 1971, on a series of annual plates. Childlike an-

gels and Madonnas figures have joined the family.

The romantic figurines have found a welcome in many homes, especially in the United States. Each year the town of Eaton, Ohio holds a Hummel Festival, attracting some 30,000 collectors who come to swap, buy and sell.

Eaton is a sister city of Reichenbach, the small town in the Franconian region of northern Bavaria where the W. Goebel Porcelain Factory produces the Hummel figures. Despite the strong demand, Hummels are still assembled by hand. For the

complicated figures, this involves putting together more than 30 separate parts.

The Hummel is named after Berta Hummel, who was born in Bavaria in 1909. The signature M.L. Hummel is based on her name after she became a Catholic nun: Sister Maria Innocentia Hummel.

Her drawings and sketches were and remain the inspiration for the figurines and all other Hummel figures.

Showing artistic talent even as a child, Berta Hummel enrolled in the Munich Academy of Applied Arts at the age of 18. While a student, she became friends with two nuns who were also studying in Munich. After graduating four years later, she entered the convent of the same order as the two nuns, a Franciscan order of teaching nuns based near the Black Forest.

Later, as Sister Maria Innocentia, she helped raise money for her order by selling some of her artworks as postcards. These pictures of little children came to the attention of Franz Goebel, a member of the fourth generation of his family to own and manage the porcelain factory bearing the family name.

Goebel was then looking for a theme for a new line of figurines. He consulted with his two master sculptors to be sure that the postcard children could be turned into three-dimensional porcelain figurines, and then arranged a licensing agreement with the convent granting his factory the right to make and distribute the adaptations of Sister Maria Innocentia's work.

The convent retained full artistic control. The artist-nun even went to the Goebel factory to oversee the translation of her creations from paper to ceramic. It is because of the standards she set then that the Hummels are still made by hand. Even today, 50 years later, when a new figure is created, artists and managers from the Goebel plant take the work to the convent as it is being developed.

Sister Maria Innocentia died in November 1946 at the age of 37. She had been suffering from tuberculosis, but apparently the disease had not properly diagnosed until it was too late.

However, even today, her drawings still serve as the pattern when new Hummel figures are created.

In the production process, each figurine starts as a number of parts (many have 20 such parts and some, as mentioned, as many as 30). Each part is cast individually and then fitted together to form a complete figurine. They are then fired — at first at 1,140 degrees centigrade — then glazed, then fired again. The little white figures are now

ready for a more colorful appearance.

Not only are the Hummel figurines painted by hand, the paintbrushes themselves are handmade, with special attention being paid to the fine bristles in each brush.

Painting these figurines takes many steps. Here, too, the artist-nun's original drawings serve as the model. The painters at the Goebel plant can dip their brushes into more than 2,000 shades of ceramic paint to produce exactly the right tone. After they are painted, the figurines are glazed and put back in the kiln again, this time at 1,020 degrees centigrade.

The company insists that the Hummels being made today look exactly like the ones that were turned out years ago as well as those that will be made in the years to come. That, too, is part of the trademark.

Goebel makes more than Hummels. The company started in 1871, producing blackboards, pencils and toy marbles. Soon it was turning out china tableware in its first factory at the base of the Coburg Castle. The son of the founder successfully expanded into foreign markets, with the United States remaining one of the firm's best customers.

The next generation went in so strongly for developing the product range that Max Louis Goebel, the founder's grandson, became known as "Novelty Goebel" at the Leipzig Trade Fair.

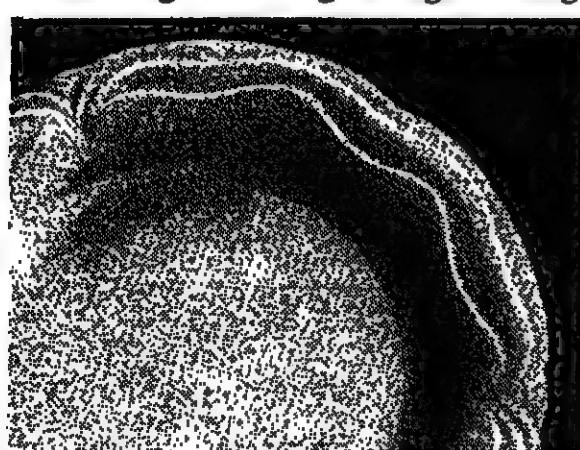
Many well-known German illustrators have worked on projects for Goebel as the company expanded the variety of its collections. Walt Disney saw his sketches turned into ceramics at Goebel, too.

The Goebel name today can be found on Ma Cuisine cutlery and cast-iron cooking ranges for amateur and professional chefs, a new collection of crystal beer glasses and the Plaza dinner service with a matching set of drinking glasses. Among its many other products the company includes sculptures and reliefs in styles distinctly different from the Hummels. The name "Novelty Goebel" still applies, a fact of which the company is proud.



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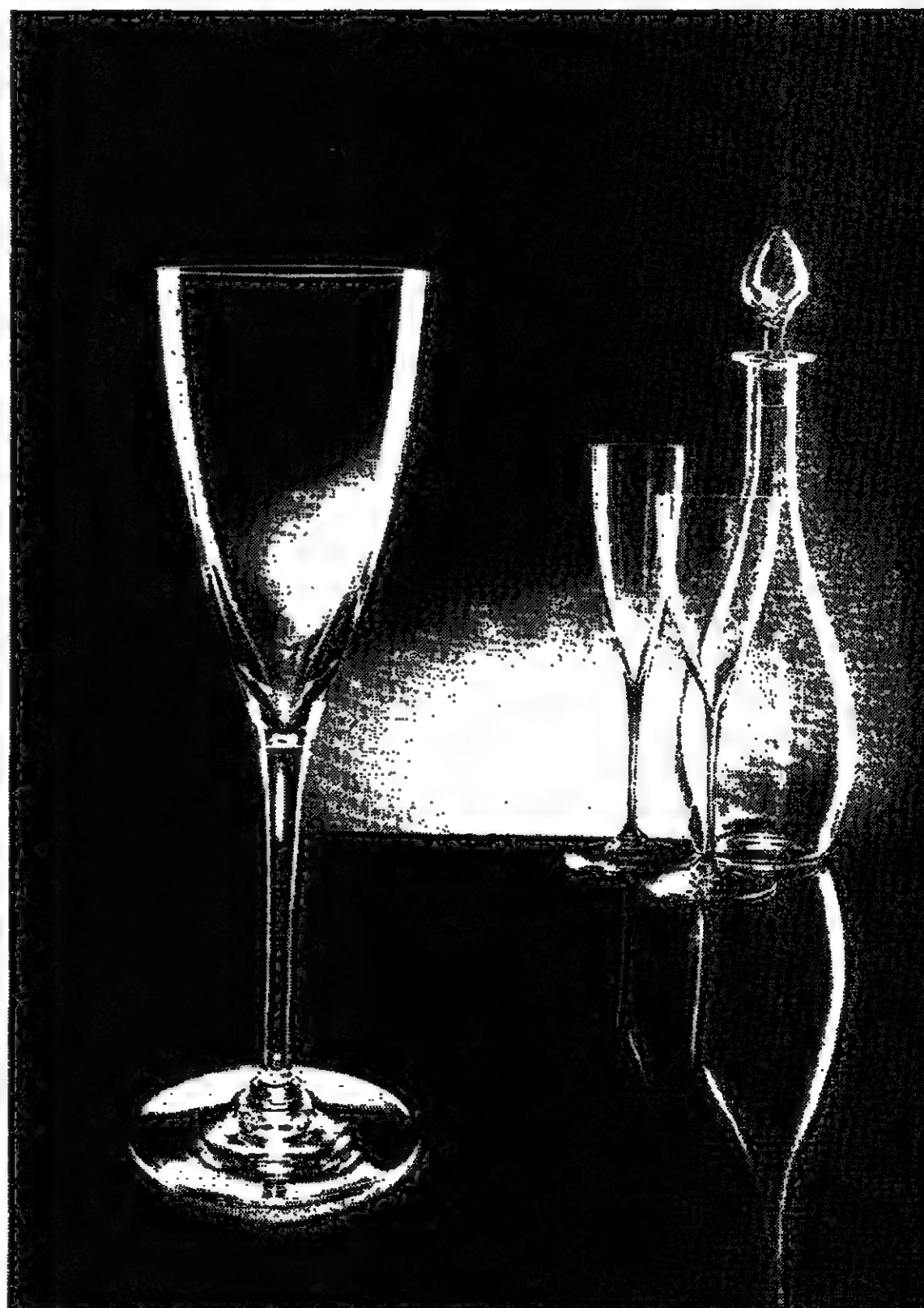
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EUROBONDS

Investors' Faith Is Shaken  
In U.S. Corporate Issues

By CARL GEWIRTZ  
International Herald Tribune

PARIS — U.S. corporate bonds, once the darling of investors in the Eurobond market, are rapidly losing their luster as safe, simple, solid securities. In their place today are sovereign and supranational issues that traditionally were never regarded as bluer than a blue-chip American corporation.

The reassessment began 17 months ago, when the United States removed the withholding tax on interest income paid to foreign investors — a move that opened the domestic government bond market to international investors.

But recent developments are accelerating the reappraisal. The latest jolt stems from a ruling by a Texas judge that Texaco's \$10.5 billion and the company's subsequent warning that the size of the penalty might drive it to seek protection from creditors under Chapter 11 of the U.S. bankruptcy code.

By themselves, Texaco's legal woes should have no impact other than on its own securities. But coming as it does in a year of wild merger activity marked by sudden sharp credit downgrades, the Texaco debacle is further shaking investor confidence in the security of U.S. corporate debt.

Too often this year investors have awakened to find that the triple-A or double-A bonds they had bought were suddenly less secure and worth less after takeover defense battles or management buyouts that left the companies crippled with a mountain of new debt.

This decline in confidence is measurable, and the data shows it has increased sharply in the past two weeks.

DATA compiled by Salomon Bros. show that in the 12 months through July 1984, when the withholding tax was removed, yields on 10-year U.S. corporate Eurobonds averaged 39 basis points less than U.S. government paper while yields on supranational issues were 11 basis points over Treasuries. In other words, investors then were willing to accept U.S. corporate Eurobonds at a yield that was 50 basis points, or half a percentage point, lower than the Eurobonds of the World Bank, the European Investment Bank and other supranational institutions.

By the beginning of this year, the 12-month average compiled by Salomon Brothers showed the U.S. corporates holding a scant lead of three basis points over supranationals.

By September, that lead had been reversed. The average yield on 10-year U.S. corporate debt rated double-A or better was 10 to 15 basis points above supranational debt and in the past two weeks this has widened further to 30 basis points.

This did not deter U.S. companies from tapping the market last week.

The pricing on the issues for Philip Morris, a single-A credit, indicated no recognition of the declining status of U.S. corporates. The company issued \$300 million of four-year, 9 1/2-percent notes at a price of 100 1/2, and \$200 million of 10-year, 10-percent bonds at a price of 99 1/2.

The terms were generally regarded as far too ungenerous, although not for lead manager Union Bank of Switzerland, which placed half the issue itself.

By contrast, a double-A rated 10-year issue for Olympia & York Maiden Lane Finance carried a coupon of 10 1/2 percent and an issue price of 99 1/2.

This issue and \$160-million of 15-year bonds offered by Fisher Brothers Financial Realty are the first real-estate backed bonds sold in this market.

The bonds are backed by commercial properties in New York and the rental payments provide the income to service the debt. In the event of default, bondholders have no claim on Olympia & York or Fisher Brothers but only title to the property.

Both issues include surety bonds, which give additional protection to bondholders that the cash flow will be sufficient to service the debt. As a result, both issues have been rated double-A by Standard & Poor's.

Nevertheless, because of the complicated novel structure, the bonds were priced generously — 80 basis points over comparable Treasury yields for Olympia and, given the longer maturity, 94 basis points over for Fisher. This extra yield on double-A quality (Continued on Page 15, Col. 1)

Woolworth Stakes Its Future on Specialty Shops

But Risks Exist  
In Move From  
Variety Stores

By Isadore Barnash  
New York Times Service

NEW YORK — Their names are hardly household words. Herald Square Stationers, Frame Scene, The Rr Place, Kids Mart, Athletic Shoe Factory. But if the gamble taken by their parent pays off, they may add luster to a name that is, in fact, known in practically every American household: Woolworth.

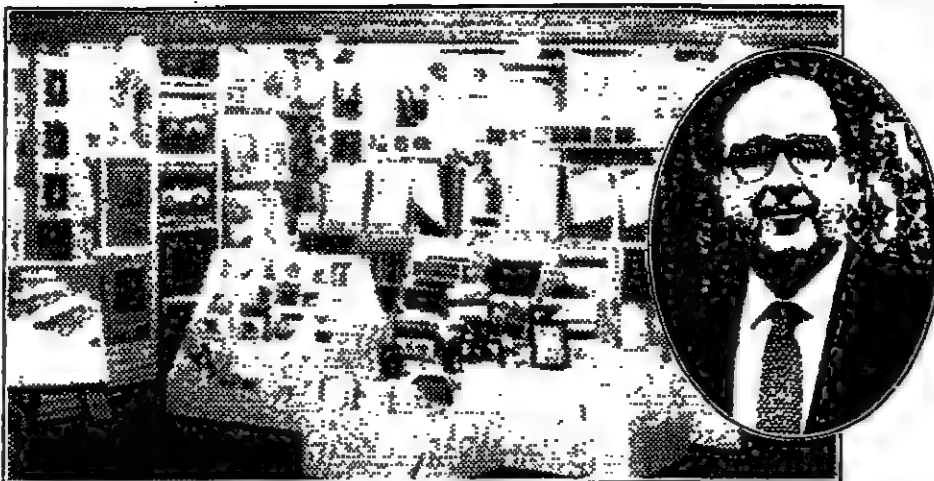
The 106-year-old F.W. Woolworth Co., which runs the largest U.S. chain of variety stores, is staking much of its future on small stores that offer almost no variety at all.

"Very quietly, Woolworth has become one of the retail industry's two or three largest operators of specialty stores," said Stuart M. Robbins, an analyst who covers the company at Donaldson, Lufkin & Jenrette Securities Corp.

Woolworth is not the only variety chain that has been venturing into specialty stores. But it is taking the largest strides. It already operates two well-known specialty chains, Kinney Shoe and Richman Brothers men's clothing, as well as some others not so well-known.

Woolworth also has started some specialty stores abroad over the past two years.

By the end of the current fiscal year, it expects to have added 562 new specialty stores since 1982. Its goal by the end of the fiscal



Frame Scene, a specialty store developed by Woolworth under its chairman, John Lynn.

year 1986 is for the specialty shops to produce the bulk of the company's sales and profits.

The strategy — which at Woolworth involves splitting profitable variety-store departments into shops of their own, as well as making specialty acquisitions — is taking shape as available sites for the sprawling variety stores dry up as their costs soar.

There is a great opportunity in specialty stores because they produce at least a 10-percent higher operating profit than the large stores, said John W. Lynn, Woolworth's chairman and chief executive officer. And, he added, "the specialty store doesn't face the intense discount competition that the larger stores do."

But Woolworth's big push into specialty shops has its risks. Two previous ventures away from its variety format failed in the United States — Woolco discount

outlets and J. Brannan discount apparel stores.

Mr. Lynn insists that the current campaign to open specialty shops, which has already resulted in 14 new groups of stores, is based on some of the company's strengths.

"Our specialty stores focus on product lines in which we've got more than 100 years of experience," he said. "Also there's the close working relationship with suppliers whom we've known for years and our longtime rapport with shopping center developers, which helps us obtain suitable locations very quickly. This, in turn, cuts the time needed to evaluate a new store's results, and we can modify our plans accordingly."

The most successful of the start-up ventures, Afterthoughts, is a chain that features mostly jewelry, handbags and other

women's accessories. It was started last April with a shop in Columbus, Ohio. Since then, eight more outlets have opened in regional shopping centers and a total of 50 are planned for the United States and Canada by the end of the year.

"Sales are 30 percent above our expectations," Mr. Lynn said. "We hope to have 100 of them if the sales trend continues — they don't cost much to open."

Another startup, Frame Scene, also has opened in Columbus. An outgrowth of several hot departments in the Woolworth variety stores, the shop concentrates on picture frames, posters and mirrors. Two more stores are planned for next year.

A third group, which started last month with stores in Dallas and Jacksonville, Florida, takes its name from Woolworth's long-

(Continued on Page 15, Col. 1)

Singapore  
Suspends  
Stock Trades

Compiled by Our Staff From Dispatches

SINGAPORE — The Stock Exchange of Singapore said Sunday that all trading will be suspended beginning Monday to prevent panic selling after a major industrial venture was put into receivership.

The decision came after banks and other creditors failed to work out a financial package to rescue Pan-Electric Industries Ltd., a large investment holding group with debts of more than \$50 million Singapore dollars (\$167 million).

The exchange chairman, Ong Tjin An, said that suspension was expected to last for a few days to allow "the people to digest the situation." The action was necessary, he said, because "shares might fall and that's what we're trying to prevent."

The Singapore exchange also asked the Kuala Lumpur Stock Exchange, where many Singapore companies are quoted, to consider similar action, he said.

Pan-Electric, with 68 subsidiaries in Hong Kong, Malaysia, Bermuda, Brunei and Britain, said the appointment of a receiver will allow more time to restructure the company, but it gave no details.

A creditors' steering committee had been discussing Pan-Electric's problems for the past week in an effort to avert what could be Singapore's biggest corporate collapse. The bank's statement said that a receiver was appointed Saturday "with extreme reluctance and after exploring every possible alternative."

The banks reportedly considered taking up shares in Pan-Electric worth about half the amount the company owed them. That proposal was reported to have failed.

Industry sources said a total collapse of Pan-Electric would have a serious effect on Singapore's economy, which already is officially forecast to shrink by 2 percent this year.

Trading in shares of Pan-Electric and two related companies was suspended Nov. 19 on the Singapore exchange. The Straits Times Industrial Index has since fallen from 758.93 points to 691.81 at the close of trading Friday.

Pan-Electric began in 1960 as a manufacturer of electrical products with capital of 80 million dollars. It later branched out into shipping, marine and salvage operations, manufacturing and property investments.

The company reported a loss of about \$2.2 million last year, its first in four years, after posting a \$7.5-million profit in 1983.

Tan Koon Swan, a Malaysian millionaire, has a substantial stake in Pan-Electric.

(Reuters, AFP)

EMS Role in Treaty of Rome Studied

Agence France-Presse

LUXEMBOURG — The possible inclusion of the European Monetary System in the Treaty of Rome, which founded the European Community in 1957, was the subject of tough negotiations here Sunday ahead of the EC summit meeting Monday and Tuesday.

On the final day of governmental preparations for the meeting, foreign ministers were debating a proposal from the EC's executive committee to include the EMS arrangements in the treaty.

Such a step, it was suggested, would be a move toward future monetary union within the community.

Diplomatic sources said that West Germany and Britain were continuing to express reservations about the inclusion of the EMS in the treaty.

The sources said Britain's foreign secretary, Sir Geoffrey Howe, argued that it would be better to begin by putting the existing treaty into full effect before modifying it.

Sir Geoffrey was referring to the restrictions by some EC governments on the movement of capital within the community and the development of the European Currency Unit.

But some officials from the commission indicated that they saw signs of a shift in the West German position toward a compromise on the ECU in exchange for precise commitments by member countries with currency controls to abolish the regulation.

West Germany has consistently banned domestic use of the ECU, while France and Italy have been employed curbs on capital movement within the community.

However a proposal by the commission for monetary union to be included in the treaty has now been dropped, the sources said.

EC finance ministers agreed in April on the need to streamline the EMS and extend use of the ECU.

But a major obstacle to that hope has been Britain's opposition to full membership in the EMS and the fact that the Italian lira is allowed greater flexibility than the other currencies in the system.

The ECU ranks fourth on the world list of borrowing currencies. The ministers discussed in talks Saturday the question of establishing a free internal market permit-

ting the liberal movement of people, goods, services and capital.

Also discussed was the problem of whether and how to increase the powers of the directly elected European Parliament.

Reinforcement Is Supported  
Gerhardt Stoltenberg, West Germany's finance minister, has spoken out in support of a reinforcement of the European Monetary System, Agence France-Presse reported from Bonn.

In a radio interview broadcast Sunday in West Germany, Mr. Stoltenberg said he could not give a date for such a reinforcement but said that the change was needed because of different inflation levels between member countries.

The change would be carried out calmly and without prejudice to West German exports, he said.

Banking sources in Frankfurt said the next adjustment in the EMS basket of currencies would probably take place in the first quarter of 1986.

Such timing would probably reflect the outcome of elections in France, due in mid-March.

Seoul Hopes for Better Loan Terms

By Moon Ihwan  
Reuters

SEOUL — Despite economic setbacks and reduced growth this year, South Korea hopes to cut the cost of raising between \$5 billion and \$6 billion in new commercial bank loans in 1986, government officials and bankers here say.

The government's Korea Development Institute said in a report last month that gross national product was now expected to grow between 4.5 percent and 5 percent this year, below 1984's 7.5-percent expansion and the government's 1985 target of 7.5 percent. GNP measures a country's output of goods and services, including income from operations abroad.

The main cause of the slowdown is sluggish exports and investment activity, "Ro Sung-tae, an institute economist, said. "But you can expect improvements in 1986 because the impact of various measures taken by the government may be felt by then."

Mr. Ro said that for 1986, his institute projected that growth in South Korea's GNP would accelerate to 6.5 percent and the current account deficit would narrow to \$300 million. The current account measures trade in goods and services as well as interest, dividends and certain transfers.

The deficit was more than \$700 million this year and \$1.4 billion in 1984. The government had hoped to balance the current account in 1986.

Foreign bankers who were interviewed said they remained confident South Korea could manage its economy and pay its debts. Foreign debt stood at \$45.4 billion at the end of September.

An official of Bankers Trust Co. said that South Korea "needs to worry in the near future" about the availability of loans.

Another U.S. banker, who asked not to be identified, said South Korea could hope for lower spreads for future loans unless there was a major political crisis.

Mr. Ro, the economist, said the shift in emphasis from labor-intensive fields such as textiles to high-tech industries such as semiconductors had been partly responsible for disruption in growth.

Exports fell about 1 percent to \$21.26 billion in the first 10 months of 1985 from the corresponding period of 1984.

But Mr. Ro noted that to boost exports, the government had gradually devalued the won by about 7 percent against the dollar and by 25 percent to 30 percent against the yen and major European currencies. The won was 888.29 to the dollar last week against 827.40 at the end of 1984.

He also noted that growth in money supply was exceeding the 1985 target, and said, "With these

measures, exports, particularly to Europe and Japan, and investment in production facilities will rise considerably next year."

Officials of the Korea Exchange Bank said the country borrowed about \$6 billion this year at terms 1/2 to 1 1/2 percentage points better than in 1984.

Hong Se-pyo, the bank's director for international financing, said the bank had depended "almost solely on traditional syndicated loans until two years ago."

"But we have diversified by introducing new credit instruments such as floating rate notes, Euro-note facilities, revolving underwriting facilities and bonds," he said.

Officials of Korea Exchange Bank said syndicated loans accounted for about 65 percent of the approximately \$1 billion of foreign funds raised by the bank this year, compared with 92 percent in 1983.

Kim Yun-se, manager of the bank's international banking department, said Korea Exchange Bank and the state-run Korea Development Bank began incorporating transferable loan certificates in jumbo loans this year.

He said each bank raised 30-billion Euroyen syndicated loans with major non-Japanese banks contributing more than 30 percent.

U.S. Economy  
Strengthening,  
Purchasers Say

The Associated Press

NEW YORK — The U.S. economy continued to improve in November, inflation stayed low and an increase in new orders set the stage for stronger production through the end of 1985, a business group said Sunday.

The National Association of Purchasing Management said its composite index advanced to 53.3 percent in November from 51.7 percent in October, putting the index at its highest level since the 55.2 percent recorded in July 1984.

A reading above 50 percent generally indicates that the economy is expanding, according to the group, whose members are responsible for the purchases made by major U.S. businesses. The index turned positive in September after seven months below 50 percent.

The association's monthly report, considered an important indicator of the economy's health, is based on a survey of the purchasing agents at 250 industrial companies who belong to its business survey committee.

Eighty-four percent of those surveyed said that new orders were higher or the same in November, the best reading February when the figure also was 84 percent.

"The impressive growth in new orders virtually assures a good fourth quarter," said Robert Bretz, director of purchasing for Pitney Bowes Inc. and chairman of the association's business survey committee.

Inflation remained low. Just 2 percent of the purchasing managers reported paying higher prices in November, the lowest percentage since October 1971, when it also was 2 percent. In contrast, 13 per-

cent of the purchasing managers said they paid lower prices in November.

There is still plenty of slack in the economy, the association said.

Only 2 percent of surveyed companies said that they received slower delivery of orders in November, the lowest since April 1982, indicating that factories had enough extra capacity to meet increased demand for production.

Also, the percentage of companies allowing themselves a lead time of 30 days or less for delivery of production materials was the lowest since the statistic first was kept in May 1953, indicating that the companies had little fear their orders would not be met in time.

Likewise, purchasers felt confident in keeping smaller inventories on hand. Twelve percent said they had higher inventories in November, compared with 29 percent who said they had smaller inventories.

Production advanced slightly in November, with 23 percent of companies reporting that production was higher and 15 percent saying it was lower.

Employment continued to decline. The 7 percent of members reporting higher employment in November was the lowest since January, when the number also was 7 percent. In contrast, 25 percent of the companies said that their employment was lower.

On the list of commodity prices, fuel oil and diesel fuel were up, while the following all were down: aluminum, copper, steel, corrugated shipping, cartons, caustic soda, which is used in petroleum refining and papermaking, and methanol, a chemical with a number of uses.

Imperial, Argyll Are on Verge  
Of Making Takeover Offers

By Bob Hagertry  
International Herald Tribune

LONDON — Some of Britain's best-known food and drink brands are involved in two major takeover offers expected to be announced Monday.

Argyll Group PLC, a grocery store operator, is expected to announce a hostile bid of about £1.8 billion (\$2.7 billion) for Distillers Co., the biggest producer of Scotch whisky. Financial sources said they expected an offer of Argyll shares valuing Distillers shares at 510 pence each with an alternative of 480 pence a share in cash.

At the same time, Imperial Group PLC and United Biscuits PLC were preparing to announce an agreement under which Imperial would acquire United through a share swap valuing that company at about £1.1 billion, financial sources said. The two announced

last week that they were holding merger talks.

Distillers owns such brands as Johnnie Walker, Dewar's and White Horse Scotch, as well as Gordon's and Tanqueray gin.

United's brands include McVitie's and Crawford's crackers and cookies and Terry's chocolates. In the United States, the company owns Keebler Co., a cookie maker.

Imperial Group, whose stock market value is about £1.85 billion, produces John Player and other cigarettes as well as Courage and John Smith's beers. The company also makes such food products as HP Sauce and Lea & Perrins Worcestershire sauce.

The two offers echo a series of recent U.S. acquisitions involving major brand names, such as the \$5.75-billion purchase of General Foods Co. by Philip Morris Cos. and the \$4.9-billion acquisition of

(Continued on Page 15, Col. 4)

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes				Money Rates			
United States				United States			
	Last Wk.	Prev. Wk.	Chg.		Last Wk.	Prev. Wk.	Chg.
DJ Indus.	1471.90	1444.33	+27.57	Discount rate	7 1/2	7 1/2	0
DJ Indus.	1444.33	1444.33	+0.00	Federal funds rate	9 1/2	9 1/2	0
DJ Indus.	1444.33	1444.33	+0.00	Prime rate	9 1/2	9 1/2	0
DJ Trans.	690.31	682.94	+7.37	<b>Japan</b>			
DJ P 100	1953.51	1930.00	+23.51	Discount	5	5	0
DJ P 500	262.18	261.52	+0.66	Call money	7 1/2	7 1/2	0
NYSE Comp.	114.55	116.24	-1.69	45-day interbank	5 1/2	5 1/2	0
Source: Merrill Lynch Pier				<b>West Germany</b>			
<b>Britain</b>				Lombard	5.50	5.50	0
FTSE 100	1439.38	1450.00	-10.62	Overnight	5.00	N.A.	N.A.
FT 30	1141.70	1131.90	+9.80	1-month interbank	4.85	N.A.	N.A.
<b>France</b>				<b>Britain</b>			
Cote Seng.	1716.95	1712.80	+4.14	Bank base rate	11 1/2	11 1/2	0
<b>Japan</b>				11 1/2	11 1/2	0	
Nikkei 225	12733.30	12599.33	+133.97	3-month Interbank	11 1/2	11 1/2	0
<b>West Germany</b>				Dollar			
Commerzbank	1725.60	1735.40	-9.70	Last Wk.	Prev. Wk.	Chg.	
Source: James & Cox, Ltd., London				Bk of Int'l Index	126.30	127.50	-0.94
				<b>Gold</b>			
				London p.m. fix	325.30	326.50	-0.37







## New Eurobond Issues

Compiled by Laurence Desvillettes from information supplied by European bond traders.

Issuer	Amount (millions)	Maturity	Coupon %	Price	Yield	Terms
<b>FLOATING RATE NOTES</b>						
Italy	\$500	2000	100	99.55	99.55	Interest pegged to 6-month mean rate for Eurodollars. Redeemable and callable at par in 1992. Fees 0.50%.
Barque Française du Commerce Extérieur	\$270	1996	0.04	100.05	99.95	Over 3-month Libor. Callable at par in 1987. Also 300,000 five-year warrants exercisable at \$100 each paying 9% interest, ended the week of \$110. Fees 0.12%.
Marine Midland Bank	\$200	2000	1/16	100	99.30	Over 3-month Libor. Callable at par in 1987. Fees 0.45%.
Morgan I.P.	\$200	1997	0.05	100.10	100.00	Over 3-month Libor. Callable at par in 1988. Redeemable at maturity in cash or in stock. Fees 0.20%.
Thailand	\$300	2005	1/4	100	99.65	Over 6-month Libor. Callable at par in 1996 and redeemable at par in 1999, 1995 and every subsequent year. Fees 0.25%.
Citicorp Finance	\$150	1997	0.10	100	99.78	Over 3-month Libor. Callable at par in 1990. Fees 0.25%.
DG Finance	DM 300	1996	1/4	100	99.70	Over 3-month Libor. Minimum coupon 8%. Noncallable. Fees 0.25%.
<b>FIXED-COUPON</b>						
Fisher Brothers Financial Realty	\$160	2000	10%	99%	97.38	Callable at 101% in 1996. Collateralized by property.
McDonald's	\$100	1993	10	101%	99.40	Callable at par in 1989. Also 100,000 warrants, priced at \$17 each, exercisable into an identical, noncallable bond. Later bond can be bought with warrants plus cash bond during the first four years, then with warrants and cash. Warrants ended the week of \$22.
Olympic & York Maiden Lane Finance	\$200	1995	10%	99%	98.25	Callable at 101% in 1992. Collateralized by property.
Philip Morris	\$300	1989	9%	100%	99.48	Noncallable.
Philip Morris	\$200	1995	10	99%	98.13	Callable at 101 in 1992.
AMCA Overseas Finance	DM 150	1992	7%	99%	—	Noncallable.
RHF Bank Finance	DM 100	1991	6%	100	100.13	Noncallable. Also 100,000 one-year warrants exercisable at par into a 6.5% bond due 1991.
Hoesch Int'l Finance	DM 100	1995	7	99%	97.63	Noncallable.
Société Luxembourgeoise de Centrales Nucleaires	DM 150	1995	7	100	—	Callable at 101 in 1993.
Pedney	FF 500	1991	10%	99%	98.88	Noncallable.
General Motors Acceptance Corp.	LT 75,000	1990	13%	100	97.88	Noncallable.
Copenhagen	ECU 40	1995	9	100%	99.25	Callable at 101 in 1991. Sinking fund to produce an 8% average life.
European Investment Bank	ECU 40	1990	8%	99%	99.38	Noncallable.
European Investment Bank	ECU 60	1992	8%	100	99.00	Callable at 100% in 1990. Purchase fund to operate in 1986 and 1987.
Heron Int'l Finance	ECU 60	1997	9%	100	98.13	Callable and redeemable at par in 1992 when new terms may be set.
Walt Disney Productions	ECU 62.5	1994	8%	100%	99.50	Noncallable. Sinking fund to start operating in 1990.
Montreal Trustco	CS 65	1998	10%	100	98.25	Noncallable.
Nikko Securities	¥ 12,000	1995	8%	101%	99.63	Noncallable. Redeemable at maturity at 179.50 yen per dollar for a total of \$66.9 million.
Nordic Investment Bank	¥ 20,000	1992	7	101%	101	Noncallable.
Student Loan Marketing Association	¥ 20,000	1995	8	101%	—	Noncallable. Redeemable at maturity at 181 yen per dollar for a total of \$110.5 million.
Société Nationale des Chemins de Fer	¥ 20,200	1995	8	101%	—	Noncallable. Redeemable at maturity at 182 yen per dollar for a total of \$111 million.
Swedish Export Credit	¥ 20,000	1995	8	101%	—	Noncallable.
Olivetti Holdings	¥ 20,50	1991	18	101	99.13	Noncallable.
<b>EQUITY-LINKED</b>						
Ajinomoto	\$90	1990	open	100	102.50	Coupon indicated at 5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Terms to be set Dec. 3. \$60 million issued in Europe and \$30 million in Asia.
CSR Finance	\$100	1995	7%	100	99.25	Noncallable. Each \$5,000 note with 17 warrants each exercisable into 100 of company's shares at \$4.33 each.
Gurza	\$25	1990	5%	100	101.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at \$31 yen per share and at 202.40 yen per dollar.
Copenhagen Handelsbank	DM 100	1992	5%	105	—	Noncallable. Each 1,000-mark note with 17 warrants exercisable into bank's shares at 325 Danish kroner per share.
Daiwa Bank	DM 120	1991	open	100	—	Coupon indicated at 25%. Noncallable. Convertible at an expected 2% premium. Terms to be set Dec. 6.
Minolta Camera	DM 150	1994	2%	100	102.00	Noncallable. Callable at 101% in 1991. Convertible at 1,105 yen per share and at 79.35 yen per mark.

## Investment From Abroad Drives Up Bond Prices

By Michael Quint

**NEW YORK**—Good demand from foreign investors over the Thanksgiving holiday in the United States has helped drive prices of Treasury notes and bonds by as much as a half-point.

Although trading was very light and domestic investors were not active, securities dealers said the

### U.S. CREDIT MARKETS

absence of stable selling and the light supply of new Treasury issues until late December helped keep prices for long-term issues at about their highest levels of the year.

Trading of Treasury securities in Tokyo and London, while still a small fraction of the \$75 billion and more that trades daily in the United States, has expanded rapidly since the lifting of the withholding tax in mid-1984. Japan's Ministry of Finance recently said that Japanese investors bought nearly \$5.7 billion of foreign bonds in October.

New York dealers now routinely check on foreign activity before domestic trading begins. "We opened strong, based on overseas buying," said one Treasury bond trader, who asked not to be identified, "but then the market just sat there with very little going on."

By late Friday, yields on Treasury notes and bonds were about equal to the lowest levels set last week, which, in turn, were the lowest yields since June 1980. The 91-percent bonds due in 2015, for example, were offered at 100%, to yield 9.83 percent, while the 91-percent issue due in 1995 rose 10-32, to 9.94, for a 9.56-percent yield.

Because of strong domestic demand on Wednesday and the follow-through buying of overseas investors, prices increased enough so that all the Treasury notes and bonds auctioned the week of Nov. 17-23 now are offered at prices higher than the average set at auction, except for the 10-year notes.

Hopes that the Federal Reserve would quickly move to an easier monetary policy continued to circulate in the financial markets, but with less conviction than earlier this month. The Fed announced Friday that on Monday, it will buy Treasury bills for its own account.

In the tax-exempt market, prices rose slightly Friday in quiet trading. But, for the week as a whole, prices fell enough to raise yields of some issues as much as a quarter of a percentage point or more.

### U.S. Consumer Rates

For Week Ending Nov. 29

Postoffice Savings... 8.50 %

Tax-Exempt Bonds... 8.51 %

Money Market Funds... 7.47 %

Bank Money Market Accounts... 6.87 %

Home Interiors... 12.61 %

PHILIPS... 12.61 %

PHILIPS... 12.61 %

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## EUROPEAN COMMUNITY

## Pollution-Control Plans Aim at Asbestos, Autos

By Steven J. Dryden

**BRUSSELS**—The executive Commission of the European Community is preparing new initiatives to tighten environmental standards, as it attempts to maintain advances made earlier this year.

The commission released a proposal last week that would strengthen existing controls on asbestos, a potentially harmful substance often used in building materials. The proposal is to be considered by the Council of Ministers.

A commission statement said that it was not possible to identify the level of exposure to asbestos below which it is believed no harm is caused.

Therefore, the statement said, "contamination must be prevented by reducing emissions from all sources as much as possible, using the best technology without entailing excessive costs."

The proposal would control asbestos pollution by fixing levels of emissions into air and water, and with provisions concerning the use of asbestos, the demolition of buildings and disposal of asbestos waste.

The commission is also preparing a proposal harmonizing speed

limits in the community, as a first step toward their eventual reduction.

The move is aimed at lowering the pollution from car exhausts, although West Germany contests the scientific validity of the connection between speed and pollution. Stanley Clinton Davis, the EC environment commissioner, has criticized the West German government's attitude on this point, given its otherwise strong support for tighter exhaust pollution standards.

In a related development at a meeting of environment ministers last week, the commission failed to persuade Denmark to drop its demand for car pollution standards stricter than those accepted by the other member states in June.

Greece also qualified its support for the standards at the meeting. Mr. Clinton Davis criticized Denmark for blocking a clear environmental gain for other states and itself, a commission spokesman said.

### Ford of U.K. Assailed Over Competition Policy

In an important test of competition policy, the commission has told Ford Motor Co. Ltd., the auto-

maker's British subsidiary, that it is abusing its market position by preventing the supply of car body panels by independent producers.

The commission has asked for a response from Ford within the next few weeks. If the response is found to be inadequate, the commission could take preliminary action to force the company to grant licenses to the producers at low royalty rates.

Ford has taken legal action against the producers for violation of British copyright law.

Commission sources said their challenge was an important test of competition policy in several respects, including the question of how industrial design can be shielded by intellectual property rights without abusing monopoly power.

### Spain's 2d Candidate Chosen for Commission

The Spanish government has chosen its second candidate for membership of the commission. Abel Matutes, vice president of the rightist Popular Alliance party, was nominated as a compromise candidate after the party's first choice, Carlos Robles Piquer, was

rejected by Felipe Gonzalez, the Socialist prime minister.

The suggested nomination of Mr. Robles Piquer had come under criticism because of his association with the Franco regime.

Mr. Matutes, 44, is a native of Ibiza, and an economist and lawyer by training. He serves as a deputy in the Cortes, the Spanish parliament.

Manuel Marin, the Spanish secretary of state for EC affairs, is the government's choice for the other Spanish position on the commission.

Both he and Mr. Matutes will take up their new offices in January.

### Inflation in Italy Rose To 8.6% in November

**ROME**—Inflation in Italy at the end of November was an annual rate of 8.6 percent, up from 8.5 percent in October, the central statistical institute reported Saturday. The institute said that prices rose by 0.7 percent in November after a 1.2-percent increase in October, when a major factor was the 1.1-percent jump in clothing prices.

### 'Bondaid' Appeal To Help Children

International Herald Tribune

**PARIS**—City of London financial institutions were solicited over the weekend to purchase, by way of donation, Bondaid Certificates whose proceeds will go to the Save the Children Fund charity.

Donations of \$30,000, \$20,000, \$10,000 or \$5,000 are requested. Payments are to be made to National Westminster Bank, 41 Lothbury, London, for the account of Save the Children Fund Bondaid Appeal, account number 140-2-01961020.

The telecast appeal message noted recent natural catastrophes in the world and said, "This will be the international financial community's opportunity to show their concern and goodwill."

### Last Week's NYSE

NYSE Most Active

Vol.	High	Low	Last	Chg.
AT&T	132.25	132.00	132.00	+1/4
IBM	125.00	124.75	124.75	+1/4
AmEx	62.00	61.75	61.75	+1/4
AmTel	52.00	51.75	51.75	+1/4
AT&T	51.00	50.75	50.75	+1/4
AT&T	48.00	47.75	47.75	+1/4
AT&T	45.00	44.75	44.75	+1/4
AT&T	42.00	41.75	41.75	+1/4
AT&T	39.00	38.75	38.75	+1/4
AT&T	36.00	35.75	35.75	+1/4
AT&T	33.00	32.75	32.75	+1/4
AT&T	30.00	29.75	29.75	+1/4
AT&T	27.00	26.75	26.75	+1/4
AT&T	24.00	23.75	23.75	+1/4
AT&T	21.00	20.75	20.75	+1/4
AT&T	18.00	17.75	17.75	+1/4
AT&T	15.00	14.75	14.75	+1/4
AT&T	12.00	11.75	11.75	+1/4
AT&T	9.00	8.75	8.75	+1/4
AT&T	6.00	5.75	5.75	+1/4
AT&T	3.00	2.75	2.75	+1/4

### NYSE Dories

This Wk. Last Wk.

Advanced 1055 1429

Declined 844 694

Unchanged 217 228

Total Issues 2117 2351

New Issues 37 37

### NYSE Sales

Sales Vol.

Total for week 442,978,000

Week ago 424,200,000

Year to date 41,700,000,000

Year ago 40,000,000,000

Jan 1 to date 24,000,000,000

1982 to date 19,400,000,000

## U.S. Corporate Issues Lose Appeal

(Continued from Page 13)

as designed to appeal to institutional investors, who are most sensitive to such windfalls.

The issuers could afford to pay such generous terms because the ill-cost of financing was still significantly cheaper than they could get through conventional mortgage financing.

The other innovation of the week was the first-ever income warrant, issued on behalf of Banque Paribas du Commerce Extérieur. Normally, warrants to buy bonds are issued at a low price, around \$20, aimed at appealing to speculators who hope that interest rates drop and that the warrant will soar in value as the fixed-coupon bond it buys also increases. But the warrant itself produces no income.

The BFCF warrants were designed to appeal to long-term investors looking for an insurance policy to cash in if interest rates drop, rather than for a lottery ticket. The warrants were priced steeply, at \$100 each. But they bear an annual income of 9% percent. The two-year warrants give holders the

right to buy \$300 million of 9%-percent bonds maturing in 1996 at a discount of 10 percent, meaning an investor needs to put up only \$900 to buy a bond nominally worth \$1,000.

The income on the warrant and the discounted exercise price are designed to put a floor on the value of the warrant. The income assures a high running yield if the price of the warrant were to fall below \$100. At \$97, for example, the paper would yield almost 10 percent.

Meanwhile, the discount exercise price increases in value each year. Paying 90 percent of par value to buy a 9%-percent, 10-year bond produces a yield of 11.48 percent; in five years' time, paying to buy a five-year bond produces a yield of 12.56 percent. Thus, interest rates could rise over the five-year life of the warrant and the option could still be in the money, as the exercise yield on the bond rises as the maturity shortens.

Looking at the future more optimistically, if interest rates were to drop by two percentage points, the value of the options would be expected to double in value.

The structure was widely praised as fair to both investors and the borrower — rare praise coming from a market renowned for backbiting criticism rather than pats on the back.

The advantage to BFCF is that it has offered to sell fixed-rate bonds at a cost it could otherwise not achieve in today's market. In the meantime, it is financing itself even more cheaply by issuing \$270 million of floating rate notes bearing a margin of four basis points over the three-month London interbank offered rate, which is currently 8 3/16 percent. And it is paying 9% percent on the \$300 million it raised by selling 300,000 warrants.

The risk BFCF runs is that if interest rates rise very sharply the warrants will not be exercised and it will have to pay even more than today's rate for fixed-cost funds. But that is a risk it can hedge in the futures market.

The warrants ended the week at \$110 and the FRN at 99.95, 10 basis points below the offering price but still within the front-end fee of 12 basis points.

## Woolworth Narrows Focus to Specialty Shops

(Continued from Page 13)

time stationary brand, Herald Square. A bit larger than the other specialty shops, the outlets sell up-to-date stationery, greeting cards, office supplies and gift wraps.

Rx Place, Woolworth's entry into the growing discount drugstore field, recently opened its first two outlets in the Philadelphia area.

In Canada, Woolworth has opened women's and men's apparel shops such as Activeworld, Sportelle and Randy River. In West Germany, it has a convenience store called Beach Shops and two apparel stores, Krone Mode and un & Fashion. In addition, the company acquired Robinson's, a Canadian apparel and cosmetics chain that had gone bankrupt.

"In about six months, we've al-

ready recouped our investment in that company," Mr. Lynn said.

At the same time, it has made some domestic acquisitions — Little Fol



OTC Consolidated trading for week ended Friday.

[illegible][illegible][illegible][illegible]

Registered Office: Luxembourg - 2, Boulevard Royal  
R.C. Luxembourg B-8734

NOTICE TO SHAREHOLDERS

A net Interim Dividend of US\$ 0,60 per share will be paid for the current fiscal year.  
Such dividend will be payable at the offices of the paying agents listed below, subject to the laws and regulations applicable in each country, starting December 13th, 1985, against surrender of coupon no. 16.

### Paying Agents

- in Luxembourg  
Banque Internationale à Luxembourg S.A.
- in Italy:  
all the leading banks
- in Switzerland:  
Crédit Suisse
- in France:  
Lazard Frères & Cie.
- in the Federal Republic of Germany:  
Commerzbank
- in Great Britain:  
S.G. Warburg & Co. and Lazard Brothers & Co.
- in the Netherlands:  
Amsterdam-Rotterdam Bank
- in Belgium:  
Banque Bruxelles Lambert.

The Principal Paying Agent  
Banque Internationale à Luxembourg S.A.  
Société Anonyme

(Continued on Page 17)











## SPORTS

# Faust Is Routed in Finale As Miami Hands the Irish Worst Defeat in 41 Years

New York Times Service

MIAMI — The University of Miami, already assured of a berth in the Sugar Bowl, finished its season in crushing style Saturday, scoring nearly every time they had a ball, the Hurricanes ended Coach Faust's five-year tenure as coach.

## COLLEGE FOOTBALL

Notre Dame with the Fighting Irish's worst loss in 41 years, and the fourth-worst in the school's history. The score was 58-7.

That gave the Irish a 5-6 record, the same as Faust posted in his first season, and gave the former high school coach a 30-26-1 mark at Notre Dame.

"It just didn't work out the way we wanted," Faust said, according to The Associated Press. "My feelings are for the players more than anything. You have to bleed for this."

For the Hurricanes, the victory was their 10th straight after a loss in Florida in their opening game. It gave them a 10-1 record, and announced their chances of winning a national championship with a victory over Tennessee in the Sugar Bowl (if the presently top-ranked team, Penn State, loses to Oklahoma in the Orange Bowl game — and if Miami gets a little luck in the bowl game).

The Hurricanes scored on eight tries, 10 possessions and on a turn of an interception and a blocked punt. Vinny Testaverde, Miami's junior quarterback, completed 22 of 32 passes for 356 yards and two touchdowns.

The Hurricanes were having one of this sentimental business of Faust. They scored on or of their five first-half possessions — and one of Notre Dame's to lead by 27-7 at the intermission.

From the start, the Miami offense wanted to do just about anything it wanted, and only an occasional dropped pass or missed kick marred the Hurricanes' play.

The Irish scored in the first half on a 34-yard pass from Gary Cahan to a tight end, and on a 13-yard pass from Cahan to a tight end.

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Brett Perriman was knocked head over heels, but the Miami receiver held on to the ball to set up a second-quarter score.

## World Cup Official Proposes Cash Prizes for Top Finishers

United Press International

SESTRIERE, Italy — A proposal to offer prize money to top finishers of World Cup ski races was voiced publicly for the first time by the competition's founder, Serge Lang, on Saturday, the day before the start of the cup's winter season.

"This is a matter I've brought up for discussion," said Lang, who created the circuit 20 years ago. "It's my opinion that we should offer prize money. All the coaches and racers are for it. Why work with illusions?"

Lang's proposal, which would mean the approval of the International Ski Federation (FIS), has been circulating privately for months.

"I don't know how much money we're talking about," said Lang. "Maybe a company could give a prize of \$100,000 to the winner of the Hahnenkamm downhill at Kitzbühel (in January). Kitzbühel, Austria, one of the glamour stops on the four-month cup calendar, draws paying crowds of 10,000 or more for two days of racing.

Lang alluded to the changes of the past two years in track and field, which now offers legitimate

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# Evert, Navratilova Advance; Shriver Ousted

Compiled by Our Staff From Dispatches

MELBOURNE — Top-seeded Chris Evert Lloyd and the No. 2 seed, Martina Navratilova, moved into the women's final 16 of the Australian Open tennis championships Sunday. But the fourth-ranked woman, Pam Shriver, also

## AUSTRALIAN OPEN

of the United States, was upset by Catarina Lindqvist of Sweden while John McEnroe won despite being aided by an underarm serve.

On Saturday, Johan Kriek continued his bid for a third men's singles title at the open when he overpowered Peter Doohan of Australia in a heated third-round match.

A record seventh-day crowd, put at more than 13,800, packed the Kooyong complex Sunday to watch under a blistering sun and in a haze of cottonlike buds of this-downton that were blown in from surrounding parklands and affected the players' concentration, particularly on their service windups.

Evert took just 60 minutes to beat Diane Balesrat of Australia, 6-4, 6-1, and move on to a Tuesday match against Manuela Maleeva of

Bulgaria, who earlier defeated her well, and I appreciated the sunny weather," Evert said. "It reminded me of my hometown in Florida, but those fluffy little things dropping out of the sky upset me and all the other players as well."

Hana Mandlikova of Czechoslovakia, the women's No. 3 seed, stopped Wendy Turnbull of Australia, 6-3, 6-4, and fifth-seeded Claudia Kohde-Kilsch of West Germany eliminated Jo Durie of England, seeded 13th, 3-6, 6-1, 6-2.

The 10-ranked Lindqvist, 22, came back from being down 3-6, 1-3 and 15-30 on Shriver's service for her upset. She rolled off 10 straight games to lead, 5-0, in the final set, but Shriver rallied to 2-5, saving two match points in the process, before again dropping her serve.

McEnroe continually snarled around the court trying to get his game together and had wandered nearly to the backdrop when Odzior, serving at 40-0 in the sixth game of the second set, aced the former Wimbledon champion with a gentle underarm lob.

McEnroe simply dropped his head, but from then on discarded his nonchalant attitude and produced some magnificent shots. In

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## Petrovic Wins First Slalom

United Press International

SESTRIERE, Italy — Yugoslav Rok Petrovic won the men's World Cup slalom race when the European leg of the competition began

## WORLD CUP SKIING

here Sunday. It was the first slalom of the season; two downhills were held in Argentina last August.

Petrovic, 19, won his first-ever cup race with a flawless second run down the Kandahar course after the likes of Luxembourg's Marc Girardelli and Pirmir Zurbriggen of Switzerland failed to finish a course of 65 gates in the morning run and 59 in the afternoon.

Petrovic had runs of 52.62 and 48.17 seconds for an aggregate of 1:40.79. Second in 1:41.53 was Yugoslav Bojan Križaj; Italian Ivano Edalini was third in 1:41.69.

The victory gave Petrovic 25 points in the overall standings, which are led by Swiss downhillers Karl Alpgier, with 50 points, and Peter Müller, with 32, all gained from the races in Argentina. Petrovic is tied for third with Marcus Wasmaier of West Germany.

Petrovic won the world junior slalom title here two years ago.



Rok Petrovic in action Sunday.

## SCOREBOARD

### Hockey

#### National Hockey League Standings

WALLES CONFERENCE									
Team	W	L	T	Pts	GF	GA	St. Louis	St. Louis	St. Louis
Edmonton	19	4	8	44	117	87	St. Louis	St. Louis	St. Louis
Calgary	18	5	7	41	105	82	St. Louis	St. Louis	St. Louis
Los Angeles	10	15	2	22	78	117	St. Louis	St. Louis	St. Louis
Rangers	11	12	3	23	91	78	St. Louis	St. Louis	St. Louis
J. Jersey	10	13	3	23	91	78	St. Louis	St. Louis	St. Louis
St. Louis	8	15	3	19	87	87	St. Louis	St. Louis	St. Louis

#### Adams Division

Team	W	L	T	Pts	GF	GA
St. Louis	11	8	4	26	99	77
St. Louis	12	18	1	25	85	102
St. Louis	12	11	3	27	74	74
St. Louis	11	7	3	25	99	88
St. Louis	11	11	8	22	87	89

#### European Soccer

##### ENGLISH FIRST DIVISION

Team	W	L	T	Pts
Birmingham	8	1	1	17
Manchester	7	1	1	15
Sheff. Wed.	7	1	1	15
Sheff. Wed.	7	1	1	15
Sheff. Wed.	7	1	1	15

##### FRANCE FIRST DIVISION

Team	W	L	T	Pts
Paris	8	1	1	17
Paris	8	1	1	17
Paris	8	1	1	17
Paris	8	1	1	17
Paris	8	1	1	17

##### ITALIAN FIRST DIVISION

Team	W	L	T	Pts
Inter	8	1	1	17
Inter	8	1	1	17
Inter	8	1	1	17
Inter	8	1	1	17
Inter	8	1	1	17

##### WEST GERMAN FIRST DIVISION

Team	W	L	T	Pts
Bayern	8	1	1	17
Bayern	8	1	1	17
Bayern	8	1	1	17
Bayern	8	1	1	17
Bayern	8	1	1	17

##### ITALIAN FIRST DIVISION

Team	W	L	T	Pts
Inter	8	1	1	17
Inter	8	1	1	17
Inter	8	1	1	17
Inter	8	1	1	17
Inter	8	1	1	17

##### WEST GERMAN FIRST DIVISION

Team	W	L	T	Pts
Bayern	8	1	1	17
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Team	W	L	T	Pts
Inter	8	1	1	17
Inter	8	1	1	17
Inter	8	1	1	17
Inter	8	1	1	17
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##### WEST GERMAN FIRST DIVISION

Team	W	L	T	Pts
Bayern	8	1	1	17
Bayern	8	1	1	17
Bayern	8	1	1	17
Bayern	8	1	1	17
Bayern	8	1	1	17

##### ITALIAN FIRST DIVISION

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## LANGUAGE

## A Nasal Engagement

By William Safire  
WASHINGTON — How do you sound when your nose is stuffed up?

In a recent piece about *coryza*, catarrh, sniffles, gripe and flu (Jacques Barzun, who thinks *Coryza* would be a lovely name for a girl, adds *sinusitis* to the list of words we use to avoid common cold), I concluded with this muffled message: "I got a code id da node and ub gonna bed."

That spelling — that series of represented sounds, to be precise — was in error. "As my speech teacher could tell you," writes Robert N. Williams of New York, "the problem with speaking when you have a cold in the head is usually that the nasal passages are stopped up. This congestion prevents the normal pronunciation only of the three English consonants that are made through the nose: the nasals m as in 'some,' n as in 'nun' and ng as in 'sing' or 'rang.'"

"These three sounds," he sniffs, "will most often change, when the nasal passages are blocked, into the voiced plosives made with the same articulatory adjustments. Thus m will become b, n will become d and ng will become g. You can easily check this by holding your nostrils closed as you say the sentence."

I am conducting that experiment even as I write this, and my correspondent is correct.

"The other sounds of English speech," instructs Williams, "though their resonance may be dulled and dampened in some cases, will not usually change in nearly so marked degree as the nasal consonants. Possibly the discomforts of a cold could leave one unable to make the effort needed to speak as clearly as usual, and could result in your 'code' for 'cold' or in the lethargic substitution of d for t."

## Rowdy Football Fans Ejected by U.S. Airline

CHICAGO — United Airlines canceled a flight for 147 passengers after more than 50 Chicago Bears fans, traveling to Florida for Monday night football game, passed around liquor and refused to take their seats before takeoff, authorities said. Three people were charged with disorderly conduct.

the voiced th that you have indicated for 'the.' But such pronunciations as these are as likely to result from careless slurring as from the physical effect of a head cold."

What, then, would be the proper way to write the words "I got a cold in the nose and I'm going to bed" if you want to accurately record the sounds of a runny-nosed, watery-eyed, chill-suffering speaker?

The prescription's description: *I got a cold id da node and I'b gonna bed.*

The Lexicographic Irregular, who does not make house calls, adds an alternative to *gutta*, namely *go-g*. Let's hold noses and try that — yes, *go-g* is a far more graphic depiction of the sound.

When you come up with a zingy locution that will astound your friends and confound your enemies — go for it!

Too many excellent coinages or puns are lost to the English language because creative minds are shy or excessively modest. One way out of the bashfulness bind is taken by Rozanne L. Ridgway, assistant secretary of state for European and Canadian affairs, who studies her briefings with "if you will," an early form of pre-emptive apology, now often replaced with "gimme a break."

Others in the self-effacing Bashfulness Brigade send their offerings to me. They will not take the leap without help, and rely on my addition to wordplay to see to it that their friends go rolling along.

For example, Dr. Lawrence A. Dworkin of Portland, Oregon, was explaining the latest medical technical jargon on the subject of coronary artery bypass grafts, which most of us call "triple bypass heart surgery."

"In accordance with my profession's love of terse acronyms," writes Dworkin, "the coronary artery bypass graft has become shortened to CABG, pronounced 'cab-bage.'"

"Sometimes a CABG will fail," the doctor notes sadly, "becoming totally occluded by blood clot. I have thought of referring to this as a 'stuffed cabbage,' but lacked the morbid."

## Tucson: Art, Sand, Mules and Taillights

By Wayne King  
New York Times Service

TUCSON, Arizona — There is about six and a half feet between the brim of husky Steve Culp's 10-gallon hat and the soles of his cowboy boots, and he fills up all of it, mostly with mustache and tattoos, both of which he has in abundance.

Culp is a cowboy, a real one, training horses and busting broncos for saddle horses. He makes a living at it, sort of.

Cowboying is not what it used to be, and it's hard to make a living slaving over hot horseflesh all day long.

So Culp also runs the night bar at a popular mesquite barbecue house on the outskirts of Tucson.

He also figures that with all the singles moving into Tucson, there is potential for some old-fashioned, Western-style entertainment. Like a hayride. But it would take an investment.

"I'm thinking of a matched pair of mules," he said, "and you're looking at a grand each, plus eight hundred for a wagon that would carry maybe 40 people."

"Then," he said, "you have to figure on lights and the other equipment."

"Sun," he said, "if you go out on the public roads, you sure would have to have some kind of lights, headlights, taillights — couldn't just run in the dark."

Culp has also given some thought to atmosphere. A tape player, maybe, he suggests.

So it is in Tucson these days, a city of 600,000 residents, three times what it was 20 years ago, and still growing as fast as half the United States, it seems, pulls up stakes and runs south to seek the sun. Even the haywheels are turning lights and Gene Autry need not apply.

"City could be called 'disaster' by '95," bleats a headline in the Arizona Daily Star, reporting a study that warns: "Without major planning initiatives, there is a very good chance that Tucson of 1995 will be termed a disaster in terms of population, traffic and water."

The city sprawls relentlessly outward, and within once the desert crept up in silent communion to its edge, it now retreats before the bulldozer's thrust. Resort hotels spring up overnight; housing



Barbara Grygnis (above), a sculptor, laments encroachment of the desert, while Steve Culp, a cowboy and bar manager, is thinking of hayrides with mules.

units displace the palo verde trees; shopping centers crush the hardy creosote plants that make the desert smell deceptively like rain.

At times it seems the city will march north over the Santa Catalina Mountains like the elephants of Hannibal to couple with Phoenix, two hours away but marching steadily southward.

It is a cause of concern.

For the arts community in Tucson, the growth is a particular anomaly. Artists draw inspiration from the desert, rapidly being overrun, but the bills are paid by the people who come here, live here and buy their works.

"First it's the artists, then it's the lawyers, then it's the developers," said Barbara Grygnis, a ceramics sculptor who is gaining a reputation for spare, monumental pieces that reflect the tones and rhythms of the desert.

She is talking of a rundown area downtown loosely called Congress Street, after its central thoroughfare. Because of an influx of artists and artists taking advantage of the low rents, the area is becoming fashionable, the result that rents are going up.

There is a movement afoot to declare the area an arts district, which most of its inhabitants support, but with some trepidation

that they will find themselves priced out of a neighborhood they helped create.

For two Congress Street artists, Tom Philabaum and B. W. Carlson, central figures in the city's growing culture of glassblowers, the boom is a blessing. Their landlord bought out their lease and, as a result, they are designing a 4,000-square-foot work space and showroom of their own.

Now they work at furnaces a few miles from their showroom, performing the glassblower's art, plucking molten glass from the furnace, twisting, shaping, adding, blowing, reheating, always in motion.

The two men say they draw their designs from such events as the Perseid showers that light the evening sky in August, from monoliths and obelisks, even from the sea. But the desert is important.

"I flipped over the desert flora when I came here," said Philabaum, "especially the saguaro," the towering cactus that defines the desert landscape.

Barbara Grygnis laments the runway growth, the growing encroachment on the wild beauty of the desert.

She is currently at work on a monumental suite of seven monoliths in a grouping called



Barbara Grygnis (above), a sculptor, laments encroachment of the desert, while Steve Culp, a cowboy and bar manager, is thinking of hayrides with mules.

simply "Red Rocks," towering monoliths jutting out of a horizontal base.

"That's what we have in Arizona," she said, "two planes, vertical and horizontal."

The piece was commissioned for the courtyard of a new Radisson Suite Hotel in Tucson, one of several luxury hotels being built.

"What I think is good is the developers in Tucson are commissioning works of art," she said. "It's a new kind of person here."

## Beijing-Tokyo Pirouette

By Terri Jones  
The Associated Press

TOKYO — Yu Guoqing was only 12 years old when a scout from the Central Ballet Troupe of Beijing picked him out of his fourth-grade class in Harbin, northeastern China.

Now, 12 years later, he's a star with the 180-member troupe, and along with a fellow Chinese dancer, the first to be sent from the troupe to study in Japan.

"I had never seen ballet before except for 'The White-Haired Girl' and 'The Red Detachment of Women,'" said Yu. Those were revolutionary ballets performed during China's Cultural Revolution, when Western arts were banned and condemned as decadent. Yu, now 24, joined the troupe in 1973.

"After I joined we watched Western ballets such as 'Giselle,' first praising and learning techniques displayed in them, and then criticizing them for their bourgeois content," the dancer recalled.

Now Chinese students are embraced by overseas ballet performances, and some dancers like Yu and a fellow troupe member, Li Song, are venturing abroad to gain experience.

"I had never seen ballet and hardly understood it when I began," says Li, 23, who also went to Beijing after being scouted from Harbin. "In Japan, anybody who wants to dance ballet just does it. In China, you are chosen to be systematically trained in all fundamentals."

The two are rehearsing for performances with the Star Dancers Ballet Troupe, which practices in the basement of an apartment building in Tokyo's Aoyama district.

The two will perform pas de deux with Japanese partners and dance in "Five Suijia," a modern piece choreographed by Yoshihisa Endo of the Star Dancers.

"This is their first experience with modern dance, but as classic dancers, they are world-class," says Endo, who began dancing 32 years ago when he was 18. "They're extremely well-trained and catch on very quickly."

"Watching their moves you wouldn't imagine China had a 10-year gap in ballet training," Endo says as Li lifts his partner high off the dance floor.

The two Chinese dancers arrived on Nov. 1 for a month of intensive training. The Star Dancers funded the trip and rented an apartment for Yu and Li.

In their Japanese debut over the weekend, Yu dances a scene from Act I of "Giselle" and Li part of Act III of "Swan Lake."

"When the music is on, I don't feel that he's different," said Li's partner, Hiroko Kohira, 21. "I feel I can relate to someone with a completely different background by concentrating on something in common."

Kazuo Uno, 33, who performs in "Swan Lake" with Yu, says they didn't need language to coordinate their dancing. "We danced 'Giselle' and 'Swan Lake' as we know them, and they adjusted to us," she says. "They knew the steps from before."

The Chinese dancers say, however, that they feel less familiar with Endo's modern choreography. "It's for Japanese people. It's not too much like anything we've done," Li said.

Endo calls them "cautious but curious" and welcomes their willingness to experiment.

Li says Chinese dancers pay more attention to details of their techniques and are more "moderate" in their rehearsals, while Japanese are stronger, have more speed and train aggressively.

Performances in Japan are shorter and in faster tempo, and the Chinese say the Japanese concentrate so much that they're tense all day, every day leading up to a performance. "We only get tense around show time," says Yu.

Dance generally overcomes the language barrier, according to Li. "Japanese look like us, so when we dance we don't feel we're from different countries, unless we try to talk," he said. "It's important to see, learn, understand. It's not easy to communicate, though."

Li and Yu are assisted by a set designer from their troupe who has been in Japan for a year and sometimes helps as interpreter, but they often must use a dictionary.

The two also have had to adjust to a new regimen. While they say rehearsals are similar, in Beijing they work out in the mornings and again in the afternoon; in Tokyo the rehearsal runs from noon until 6 P.M.

Says Li: "We miss our wu zhu (afternoon nap)."

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